

STATE OF

# IDAHO

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

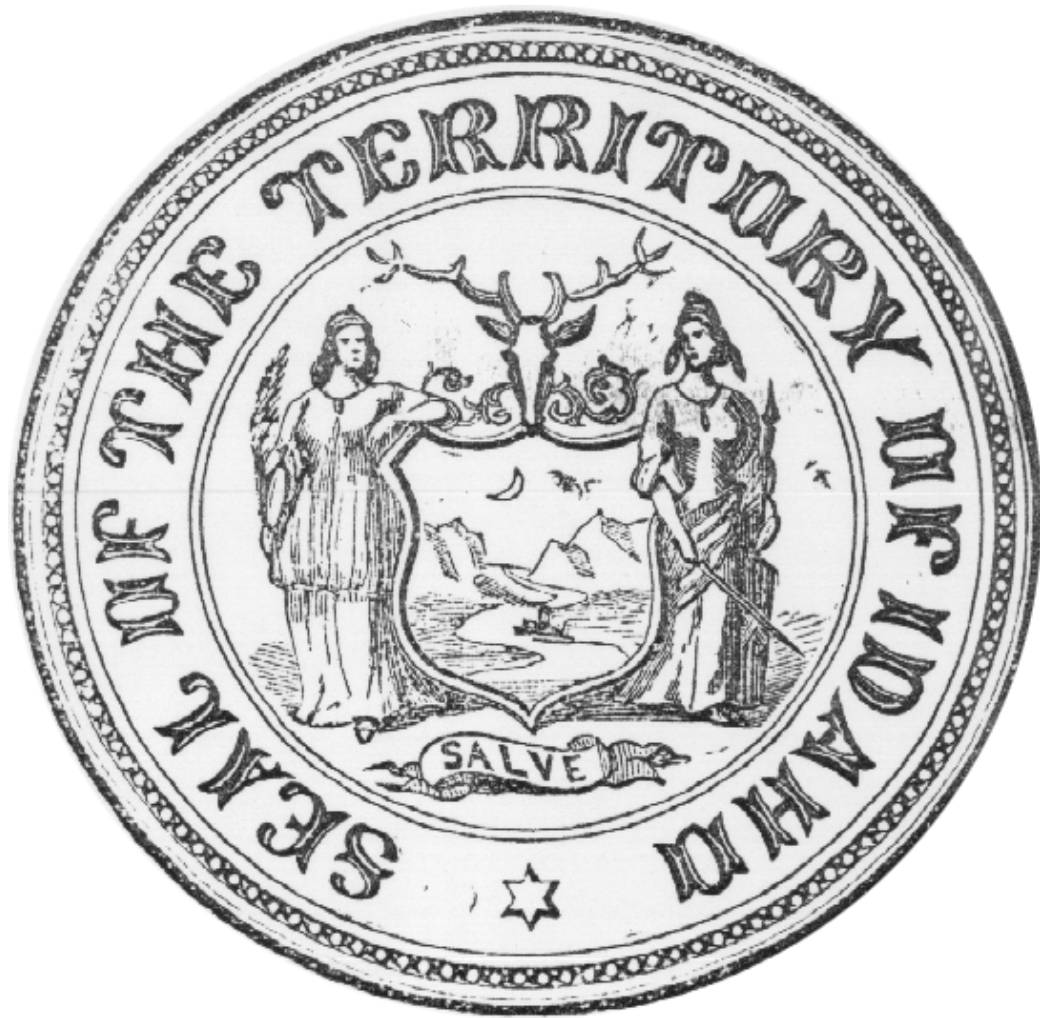


FOR FISCAL YEAR ENDING

JUNE 30,

1999





Idaho's second territorial seal, designed by Caleb Lyon (Idaho's 2nd territorial Governor).  
The seal was used (with minor modifications) from 1886 - 1890.

The cover photo is an architect's rendering of the capitol building with the "new" wings added, drawing dated 1909.

# IDAHO COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR  
ENDED JUNE 30, 1999



**DIRK KEMPTHORNE**  
GOVERNOR  
**J.D. WILLIAMS**  
STATE CONTROLLER

PREPARED BY THE OFFICE OF THE STATE CONTROLLER

# STATE OF IDAHO

## Office of the State Controller

**J.D. Williams, CGFM**  
State Controller

**Hal W. Turner, CGFM**  
Chief Deputy State Controller  
Retired October 29, 1999

**Keith L. Johnson**  
Chief Deputy State Controller

### **ACKNOWLEDGMENTS:**

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Administrator  
Division of Statewide Accounting

**Bureau of Reporting and Review**  
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Ruth Ard  
Kristi Kelly  
Rebecca Valentine  
Tim Wendland

Thanks and appreciation to the outsource contractors, the Bureaus of Accounting Operations, System Administration, and Application Development in the Office of the State Controller.

Special appreciation to all fiscal and accounting personnel throughout the State whose efforts to contribute accurate, timely financial data for their agencies made this report possible.



This year's Comprehensive Annual Financial Report (CAFR) is dedicated to Hal W. Turner who served as Idaho's Chief Deputy State Controller from 1981 to 1999. He was employed in Idaho State government first by Governors Cecil Andrus and John Evans, and then by State Auditor Joe R. Williams and State Controller J.D. Williams. Hal, while in the State Controller's Office, was a key player in the development of the statewide financial management structure by helping to determine the vision required to produce Idaho's financial statements as we know them today. He significantly assisted in identifying the critical need for a new accounting and financial reporting system in the late 1980's and guided various projects since then that were necessary to produce these financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Also, during his tenure with the State Controller's Office, Hal oversaw a major modernization of the statewide payroll system during the early 1990's. Throughout the years he helped to oversee and guide the State's Computer Service Center through various technological upgrades that brought the State from the time of mechanized punched cards all the way into today's electronic commerce technology. Prior to his service with the State Controller's Office, Hal was the State's Director of Information Systems and Management Analysis; Administrator, Division of Budget, Policy Planning, and Coordination; and Director, Executive Office of the Governor during the years from 1971 to 1977. He also served on boards of various public organizations including the Student Loan Fund of Idaho, Inc., Boise Samaritan Village Health Care Facility, Department of Defense's Employer Support for the Guard and Reserve (ESGR) program, Boise State University's Community and Government Professional Training Development, and the State's Deferred Compensation Board (PEBSCO).

Hal Turner retired from professional life on October 29, 1999. Governor Cecil Andrus and Boise Mayor Dick Eardley joined Hal's many friends, family, and associates at a banquet to give him a royal send-off. Hal should not just be celebrated for his professional accomplishments, but for the outstanding personal characteristics he brings to his work and his life. He has shown his ability to work with all people on a non-partisan basis, no matter who or what they represented. He gained much respect and loyalty from his co-workers through his interest, pride, compassion, and support for them by sharing his time and talents.

It is with great honor and appreciation that we dedicate this CAFR to Hal, a true professional and gentleman who has always outwardly shown a sincere interest and dedication to the citizens of the State of Idaho.

STATE OF IDAHO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

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# Introductory Section



Photograph from the Bisbee Collection  
Probably taken in the Magic Valley area, ca 1920



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STEVE J. ALLISON  
ADMINISTRATOR  
DIVISION STATEWIDE ACCOUNTING

December 15, 1999

TO: Citizens and Taxpayers of Idaho  
The Honorable Dirk Kempthorne, Governor  
Members of the State Legislature

Ladies and Gentlemen:

It is with great pleasure and a real sense of professional satisfaction by my staff and me that we transmit the Comprehensive Annual Financial Report (most often referred to as the CAFR) to you for the fiscal year ended June 30, 1999. This report represents Idaho's continued commitment to sound and effective fiscal management and to responsible financial reporting based on recognized standards. This CAFR, which includes the State's independently audited general purpose financial statements, will provide you and the financial community with the information necessary to assess Idaho's financial position, results of operations, and management of its financial resources.

Responsibility for both the accuracy of the presented data and the completeness and fairness of presentation, including all disclosures, rests with the Office of the State Controller. As the State's Chief Fiscal Officer, I am confident the data presented is accurate in all material respects. It is presented in a manner that fairly sets forth the financial position and results of state operations as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain an understanding of the State's financial position and results of operations have been included.

The ultimate reasons for producing the CAFR are:

- to assess whether current year revenues are sufficient to pay for services provided and determine whether future taxpayers will be required to assume burdens for services provided to past generations;

- to compare the financial performance of the State from one fiscal year to another; and
- to avoid potential pitfalls and problems through trend development and analysis supported by timely and reliable financial information.

Enormous strides in statewide financial reporting have been made in Idaho during the past few years. That trend must be ongoing. As the State continues to expand through economic diversification, this new system of financial accountability will provide us with the knowledge needed to chart a solid course for the future.

The overall CAFR is presented in three sections: Introductory, Financial, and Statistical.

**The Introductory Section** includes this transmittal letter, the Certificate of Achievement for Excellence in Financial Reporting, a state organizational chart, and a list of elected officials of the State.

**The Financial Section** includes the independent auditor's opinion, general-purpose financial statements, required supplementary information, and combining financial statements with supporting schedules and fund descriptions.

**The Statistical Section** includes selected fiscal, social, and demographic information about the State.

The CAFR is prepared in accordance with generally accepted accounting principles (GAAP) as estab-

**MISSION: TO ENSURE THAT STATE GOVERNMENT IS ACCOUNTABLE TO EVERY IDAHO CITIZEN.**

lished by the Governmental Accounting Standards Board (GASB), professional standards of the American Institute of Certified Public Accountants (AICPA), recommendations of the Government Finance Officers Association (GFOA), and State finance law requirements. A summary of significant accounting policies of the State is found in the footnotes of the general-purpose financial statements.

In addition to the CAFR, the Office of the State Controller issues other financial reports. It is important to realize that the financial data used in each is derived from the same sources. Accumulating and compiling the data in order to create these financial statements does not require duplicative effort, but instead utilizes complementary information. Some of these reports are:

**Legal Basis Financial Report.** This report provides a “budget-to-actual comparison” in accordance with appropriations adopted by the Legislature. It reflects the financial information by individual agency, fund, program, and expenditure object as dictated by appropriation. State policy makers and agency directors are the most likely users of the State’s Legal Basis Financial Report.

**The Idaho Citizen’s Report.** This report provides a brief, highly condensed overview of the State’s financial position and operations for the specified period. The general public is the most likely user of this report.

**Idaho Financial Focus.** This easy-to-read two-page report graphically presents the State’s financial results of operations, highlights some of the results of major state programs, and provides websites and phone numbers of key public offices and officials.

## Reporting Entity

The State of Idaho was admitted into the Union as the 43<sup>rd</sup> state in 1890. It covers 84,437 square miles bordered on the south by Utah and Nevada, on the east by Wyoming and Montana, on the West by Washington and Oregon, and on the north by Canada. It has an estimated population of approximately 1.3 million. State government is divided into

three branches. The Executive Branch is comprised of the Governor, Lieutenant Governor, Secretary of State, State Controller, State Treasurer, Attorney General, and the Superintendent of Public Instruction. The Legislative Branch is comprised of two houses, a 35-member Senate and a 70-member House of Representatives. The Judicial Branch is presided over by the Supreme Court which is led by the Chief Justice, elected by the four other Justices.

This report includes all funds and account groups of the State of Idaho. Within the funds are the various departments, agencies, and other organizational units governed by the State Legislature and/or constitutional officers. The State provides services such as education, health and human services, highway maintenance and construction (i.e. transportation), law enforcement, judicial system, public safety programs, natural resource management, and community and economic development programs. This report reflects costs of these services in both detail and summary.

In addition to general government activities, certain component units have been included in this report. Component units are legally separate entities which are financially accountable to the State, or for which the nature and significance of their relationship with the State is such that exclusion would cause this report to be misleading or incomplete. The component units that are part of this report include:

- Idaho State Building Authority,
- Idaho Housing and Finance Association,
- Idaho Life and Health Insurance Guaranty Association, and
- Petroleum Clean Water Trust Fund.

## Economic Condition and Outlook

Idaho’s economy has entered a period of distinct slowing. After last growing by less than 3% in 1987, Idaho total nonfarm employment grew by 2.5% in 1998 and is estimated to have grown by 2.3% in 1999. The outlook for the period through 2003 has Idaho employment growth staying below 3% each year.

Idaho’s goods producing sector (manufacturing, mining, and construction) has been behind the recent

slowing. This broad category has not exceeded the overall growth rate since 1994 and is expected to be flat (0% growth) in 1999. Service sector growth has also slowed but by a smaller amount. After averaging growth of 4.5% from 1988 to 1995, service sector growth slowed to an average of 3.1% over the past three years. Further slowing into the range of 2-2½% is expected over the next several years. Despite this pronounced slowing, Idaho has managed to grow faster than the nation in all but one year (1998) since 1987 and is expected to continue doing so for the next several years. However, instead of enjoying employment growth that is double or triple the national rate, Idaho's margin is expected to be in the range of 10-100%.

Highlights of Idaho's recent economic performance includes:

- Employment grew by 2.5% in 1998, and is estimated to have grown by 2.3% in 1999.
- Personal income grew by 5.1% in 1998, and is estimated to have grown by 6.1% in 1999.
- Per capita income grew by 3.4% in 1998, and is estimated to have grown by 4.3% in 1999.
- Real (inflation-adjusted) personal income grew by 4.2% in 1998, and is estimated to have grown by 4.5% in 1999.
- Real (inflation-adjusted) per capita personal income grew by 2.5% in 1998, and is estimated to have grown by 2.7% in 1999.
- Population grew by 1.7% in 1998, and is estimated to have grown by 1.7% in 1999.
- Net migration was 10,000 in 1998, and is estimated at 10,500 in 1999.

Idaho's economic outlook is bright. Although growth is expected to slow, it is also expected to remain above 2%. This is substantially faster than forecasted U.S. job growth. Gem State employment growth is expected to average 2.2% in both 2000 and 2001, vs. 1.7% and 1.6% for national job growth. Strength is likely to come from the service-producing sector in 2000 and the goods-producing sector in 2001.

Income growth in Idaho is expected to average 5.4% over the next two years, which is slower than 1999's estimated 6.1% growth, but slightly better than 1997's 5.3% and 1998's 5.1%.

Population growth for 2000 is expected to match 1998's and 1999's rate of 1.7%. This is more than double the U.S. population growth of 0.8%. Idaho's population growth is expected to slow a bit in 2001, to 1.4%. Not surprisingly, net migration also slows a bit from the recent rate of about 10,000 to 7,500 in 2001.

## **Major Initiatives**

### **Education**

Nearly a quarter-million students are enrolled in Idaho's public schools. Among the states, Idaho ranks near the top in the percentage of its population in the 5 to 17 school-age bracket. That means maintenance of a public school system is a real commitment on the part of Idaho citizens.

In Governor Dirk Kempthorne's inaugural address, he declared this the "Generation of the Child." To help nurture our children and ultimately develop the next generation of a workforce in Idaho, the Governor proposed giving children a healthy start. The Governor proposed, and the Legislature approved, an aggressive package of bills to help students read by the third grade. Funds were made available to urge teachers to develop innovative ways of educating students, and financial incentives were created for teachers who become nationally certified.

Additional funding was provided to the program English as a Second Language to allow school districts the opportunities to invest in new and more efficient ways to address special needs of this population. This is an important step in eliminating the high dropout rate.

In higher education, the Governor identified a need to retain and hire qualified professors—particularly in areas such as high-technology where it is increasingly difficult to compete with other states. The Governor's program for salary incentives for higher education faculty won legislative approval, as did more scholarship support for college students.

The Division of Professional-Technical Education was awarded a three-million dollar grant by the J.A. and Kathryn Albertson Foundation to provide additional funds to Idaho's secondary schools for Technology Network Training. The Technology Network Training plan is a statewide network of

information technology programs which bring together existing resources from both secondary and post-secondary education with business and industry. The program provides students with the opportunity to acquire and use skills that aid school districts with installation, maintenance, repair, and troubleshooting of their information technology infrastructure.

In fiscal year 1999, five professional technical schools were approved and began operation. To date, a total of eight professional technical schools have been approved.

### **Endowment Fund Investment Board**

In November 1998, voters approved a change to the *Idaho Constitution* allowing for investment reform. This reform lifts restrictions on the types of investments that are available. These enhanced investment options will allow the Endowment Fund Investment Board to generate higher returns on the endowment funds under its management. The reform also combines cash flows from the Endowment Fund with receipts from endowment lands managed by the Department of Lands. This integration will provide for more reliable cash flows from year to year, thus giving the Endowment Fund Investment Board greater flexibility to choose investments on the basis of total return rather than income return. This reform will produce millions more to the Endowment Fund for school children in the years to come.

### **Health and Welfare**

As part of Governor Kempthorne's focus on healthy and well-educated children, the Governor requested and received \$728,000 in additional funds for children's vaccines; the Legislature appropriated an additional \$500,000 to establish a voluntary statewide immunization registry to assist physicians and parents in keeping effective and current records on immunizations; funding was provided for the Children's Health Insurance Program; and more funding was made available for dental treatment of children from lower-income families.

### **Law Enforcement**

The Department of Law Enforcement provides many services that ultimately contribute to the safety and well being of Idaho's citizens. Governor Kempthorne proposed and received an increased appropriation of \$697,000 from the Legislature on a

package of get-tough measures for manufacturers and distributors of methamphetamine. Methamphetamine is a drug more addictive than heroine and is plaguing Idaho and much of the Western United States. The Methamphetamine Program adds additional detectives to detect methamphetamine laboratories and apprehend the criminals operating them, additional forensic laboratory criminalists to more quickly deal with evidence analysis, equipment, and additional training for all of Idaho's peace officers to help them recognize and safely handle methamphetamine laboratories. The Legislature approved mandatory minimum penalties for manufacturing or attempting to manufacture methamphetamine.

## **Financial Section**

### **Internal Control**

The State's management is responsible for establishing and maintaining an internal control structure designed to ensure the State's assets are adequately protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements. In 1994, the formalized Statewide Management Control System (MCS) was developed to provide reasonable assurance that these organizational objectives are met. This system includes both financial and administrative controls and provides a framework for managers to work within their own organizational structures to promote efficient and effective operations in the State. The concept of reasonable assurance recognizes that the cost of a control should not exceed the projected benefits likely to be received. The valuation of costs and benefits requires estimates and judgments by management.

### **Budgetary Control**

Budgetary controls are incorporated into the Statewide Accounting and Reporting System (STARS). The annual state budget is established through separate appropriations by the Legislature and approved by the Governor for individual departments for specific purposes, special outlays, and/or operating expenditures. All claims presented for payment must be certified by the appropriate department that the expenditure is for a purpose intended by law and a sufficient existing and unexpended appropriation balance is available.

STARS also performs various edits to ensure expenditures do not exceed authorized appropriations. In addition to these centralized controls, each department director is required to maintain expenditures within appropriated limits. Extensive use is made of on-line tables and reports, updated daily, to provide detailed and management level reports to state agencies and budget authorities. Detailed monthly reports are prepared to assure expenditures are being executed according to plan. Deviations are identified and budget or spending modifications are made on a continuing basis.

## Investments

In Idaho (except for certain organizations within the State's reporting entity having independent powers to manage and invest their own cash), the State Treasurer is responsible for investing the State's cash. The State Treasurer's investments are made in compliance with the provisions of *Idaho Code*, Title 67, Chapter 12. The State Treasurer also manages an investment pool for local governments' cash balances under the same legal provisions. Legal requirements for the investment of funds maintained in the State's cash and investment pools are discussed in Note 1 to the Financial Statements. Each month the State Treasurer allocates interest income earned to various funds designated by law to receive the earnings. The allocation is calculated in accordance with a formula based on average daily cash balances invested over the month.

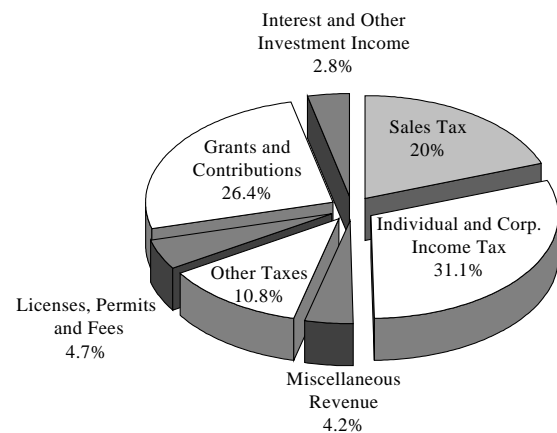
## General Government Functions

### Revenues

The following is a summary of the general government revenues for all governmental fund types for the fiscal year ended June 30, 1999:

	1999 in Millions	Percent of Total	Increase (Decrease) from 1998	Percent of Change
<b>Revenues by Source:</b>				
Sales Tax	\$712.3	20.0%	\$48.4	7.3%
Individual and Corp. Income Tax	1,109.1	31.1%	56.0	5.3%
Miscellaneous Revenue	149.7	4.2%	13.4	9.8%
Other Taxes	385.5	10.8%	7.7	2.0%
Licenses, Permits and Fees	168.2	4.7%	10.0	6.3%
Grants and Contributions	940.4	26.4%	37.4	4.1%
Interest and Other Invest. Income	103.3	2.8%	5.7	5.8%
<b>Total Revenues</b>	<b>\$3,568.5</b>	<b>100.0%</b>	<b>\$178.6</b>	<b>5.3%</b>

### 1999 Governmental Fund Type Revenues



Changes in revenues from 1998 to 1999 were highlighted by:

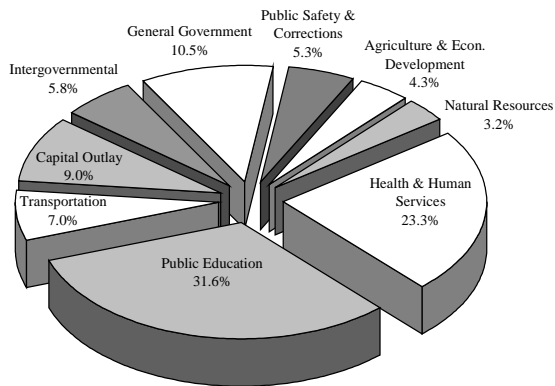
- Continued growth in Idaho's core revenue sources with Sales Tax rising 7.3% and Individual and Corporate Income Tax rising 5.3%. These increases reflect the continued strength of Idaho's economy.
- Increase in Licenses, Permits, and Fees of 6.3% related to a \$4 million increase in educational fees and a \$2.5 million increase in fees for court costs.
- Increase in Interest and Other Investment Income of 5.8% resulted in higher returns on invested assets.

### Expenditures

The following is a summary of the general government expenditures for all governmental fund types for the fiscal year ended June 30, 1999:

Expenditures by Function:	1999 in Millions	Percent of Total	Increase (Decrease) from 1998	Percent of Change
General Government	\$378.7	10.5%	(\$34.6)	(8.4)%
Public Safety & Corrections	\$190.6	5.3%	16.4	9.4 %
Agriculture & Econ. Development	\$156.1	4.3%	11.6	8.0 %
Natural Resources	\$116.6	3.2%	7.7	7.1 %
Health & Human Services	\$835.5	23.3%	62.9	8.1 %
Public Education	\$1,134.5	31.6%	129.0	12.8 %
Transportation	\$248.5	7.0%	24.1	10.7 %
Capital Outlay	\$324.2	9.0%	57.5	21.6 %
Intergovernmental	\$207.3	5.8%	(13.0)	(5.9)%
	<b>\$3,592.0</b>	<b>100.0%</b>	<b>\$261.6</b>	<b>7.9%</b>

**1999 Governmental Fund Type Expenditures**



Changes in expenditures from 1998 to 1999 were highlighted by:

- The 12.8% increase for Public Education is largely due to a \$95 million dollar boost in school apportionment from growing property tax revenues.
- The 21.6% increase in Capital Outlay costs was mainly due to a \$27 million dollar increase in road building costs by the Idaho Transportation Department and upgrading of the State's computer resources (for Y2K compliance and modernization).
- The 8.1% increase (\$62.9 million) in Health and Human Services cost was due to a \$70 million dollar rise in Medicaid costs.

## Proprietary Operations

Activities of government that are similar to private sector businesses are accounted for in enterprise and internal service funds.

**Enterprise Funds** are established to account for services provided to the public for which revenues derived by the activity will support those services. The State Lottery is the largest enterprise fund. Revenues generated by the State Lottery, after allowances for prizes and expenses, are distributed equally between the Permanent Building Fund and the Public School Income Funds. The Liquor Dispensary, the State's second largest enterprise fund, generates revenue through the sale of alcoholic

beverages. Surpluses are transferred to the State's General Fund, the Public School Income Fund, other state funds, and to Idaho counties and cities.

**Internal Service Funds** provide services to state and local governments and are financed through user charges. Most funds attempt to operate on a break-even basis. Rates are adjusted annually for over or under recovery of costs. While the State's internal service funds reside primarily within the Department of Administration and include Group Insurance, Risk Management, postal, and communication services; the State Controller's Office also has internal service funds for data processing, accounting, and payroll costs.

## Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the State in a trustee capacity or as an agent in a custodial capacity. Fiduciary funds include expendable trust, nonexpendable trust, pension trust, investment trust, and agency funds. They are established through trust agreements that specify how the funds will operate. The expendable trust fund, the Unemployment Compensation Fund, from which unemployment benefits are paid, is a fund where both principal and income can be spent. Nonexpendable trust funds, such as the Endowment Fund, are funds for which the principal cannot be spent but the income may. The State's pension trust funds include the Public Employee Retirement System of Idaho Plan, the Firemen's Retirement Fund, the Idaho Super Saver 401(k) Plan, and the Judges' Retirement Fund. The State's investment trust fund accounts for the Joint Exercise of Powers, an investment pool that other Idaho governmental entities (cities, counties, etc.) can place excess funds in to earn higher interest rates.

## Constitutional Debt Limitation

Article VIII, Section 1, of the *Idaho Constitution* was amended in 1998 to specify that the Legislature shall not create any debts or liabilities, except in extreme emergencies, unless authorized by law and then approved by the people in a general election. This section shall not apply to liabilities incurred for ordinary operating expenses, nor shall it apply to debts or liabilities that are repaid by the end of the fiscal year. The debts or liabilities of independent

public bodies corporate and politic created by law and which have no power to levy taxes or obligate the general fund of the state are not debts or liabilities of the State of Idaho. The provisions of this section shall not make illegal those types of financial transactions that were legal on or before November 3, 1998.

## **Debt Administration**

The State has no outstanding general obligation debt.

## **Risk Management**

The State maintains a combination of commercial and self-insurance to cover the risk of losses to which it may be exposed. The Risk Management Fund manages property and general liability risk. It self-insures general liability up to \$500,000 per claim and property damage claims up to \$250,000 per claim. Commercial insurance is purchased for property and general liability risks not self-insured. The Group Insurance Fund manages life, health, and disability insurance programs. While the State purchases commercial insurance to cover losses for these programs, losses that exceed 100% of the annual carrier premiums are paid by the State, up to 114% of the premium (110% for life insurance). The insurance carrier then assumes the risk of loss for claims above these amounts.

## **Independent Audit**

In accordance with *Idaho Code*, Section 67-429, the Legislative Audit staff of the State Legislature has audited the State's financial statements for the year ended June 30, 1999. The audit was conducted in accordance with generally accepted governmental auditing standards (GAGAS), and the auditor's opinion is included in the Financial Section of this report. Audit testing for compliance with the federal Single Audit Act of 1984 and related OMB Circular A-133 is performed at the statewide level.

## **Awards**

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Idaho for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 1998. This was the second consecutive year that the State of Idaho has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. We are committed to this ongoing effort and intend to maintain a highly qualified and professional staff to make Idaho's certification possible.

One of the State's agencies, The Public Employee Retirement System of Idaho (PERSI), has prepared a Comprehensive Annual Financial Report for the fund covering the last eight years and PERSI should be recognized for this major accomplishment.

## **Acknowledgments**

The State Controller's Office takes great pride in the compilation of this comprehensive report. It is an honor to recognize our staff for their extraordinary diligence and excellence in preparing the CAFR. The professionalism, dedication, and extra effort put forth by all the individuals involved has been exemplary.

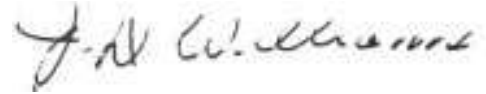
Sincere appreciation is extended to Governor Dirk Kempthorne for his support in preparing this report. His support makes it possible to prepare a complete and accurate report of the State's financial position and results of operations. This report allows managers in the State to adequately plan for Idaho's future in order to maintain a strong financial position. This report also reflects the commitment and efforts of the Division of Financial Management

staff led by Jeff Malmen. The State's economist, Michael H. Ferguson, provided information contained in the economic condition and outlook portion of this letter.

Sincere appreciation is extended to the budget and accounting officers throughout State government for their major efforts in providing timely information necessary to complete this report. In addition, the strong support of the Legislature and particularly the Joint-Finance Appropriation Committee (JFAC) has made this cornerstone of accountability available to our citizens.

Finally, the auditing staff at Legislative Services led by Larry Kirk must be recognized for true dedication and professionalism. Their independent and critical review of this CAFR has truly served the citizens of Idaho. Much of the credit for our success, and in being able to submit this report on a timely basis to the Idaho Legislature and other state policy makers, goes to them.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "J. D. Williams", is written over a light gray rectangular background.

J. D. Williams  
Idaho State Controller

# Certificate of Achievement for Excellence in Financial Reporting


Presented to

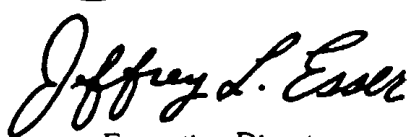
State of  
Idaho

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 1998

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



  
Cary Brubaker  
President

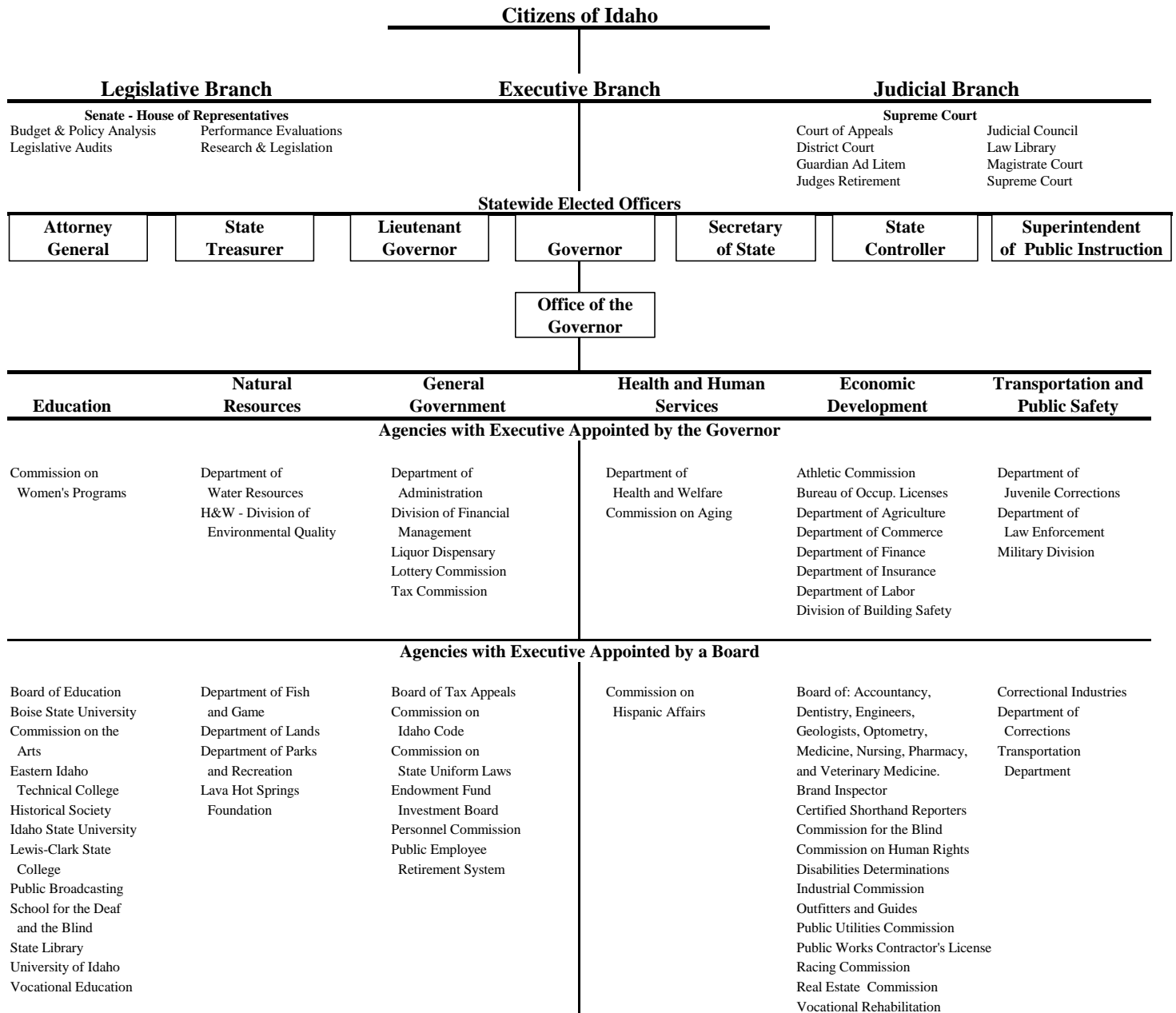
  
Jeffrey L. Esser  
Executive Director



## 1998-99 Organization Chart

# Idaho State Government

State agencies based on gubernatorial appointment authority

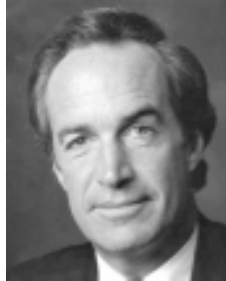


Prepared by the Division of Financial Management and modified by the Office of the State Controller.

# ELECTED OFFICIALS OF THE STATE OF IDAHO



PETE T. CENNARUSA  
Secretary of State



DIRK KEMPTHORNE  
Governor



C.L. "BUTCH" OTTER  
Lieutenant Governor



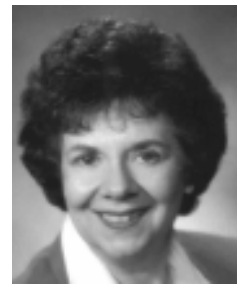
J. D. WILLIAMS  
State Controller



RON CRANE  
State Treasurer



ALAN G. LANCE  
Attorney General



MARILYN HOWARD  
Superintendent of  
Public Instruction



BRUCE NEWCOMB  
Speaker, Idaho House of  
Representatives



LINDA COPPLE TROUT  
Chief Justice,  
Idaho Supreme Court



JERRY T. TWIGGS  
President, Pro Tempore  
Idaho State Senate

# Financial Section



St. Teresa's Academy in Boise, 1928



Carl F. Bianchi  
Director

# Legislative Services Office Idaho State Legislature

State Capitol  
F.O. Box 83720  
Boise, ID 83720-0054  
208/334-2475; Fax 334-2125

December 15, 1999

## Independent Auditor's Report

Honorable Dirk Kempthorne  
Honorable J.D. Williams, Controller  
Honorable Members of the Legislature

We have audited the accompanying general-purpose financial statements of the State of Idaho as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the State of Idaho's management. Our responsibility is to express an opinion on the general-purpose financial statements based on our audit. We did not audit the financial statements of certain agencies of the primary government and the blended component unit, which statements reflect the indicated percent of total assets (liabilities) and total revenues, respectively, of the special revenue fund (3% and less than 1 %), enterprise fund (83% and 57%), trust and agency fund (86% of assets), general fixed assets account group (15% of assets), general long-term debt account group (69% of liabilities), and colleges and universities (100% and 100%). We also did not audit the financial statements of the discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units and agencies, is based on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. The financial statements of the discretely presented component unit, the Idaho Life and Health Insurance Guaranty Association, was not audited in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States, and accordingly, is not covered by our reports in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

Research & Legislation  
Mike Nugent, Supervisor  
208/334-2475; Fax 334-2125

Budget & Policy Analysis  
Jeff Youtz, Supervisor  
208/334-3531; Fax 334-2668

Legislative Audits  
Larry Kirk, Supervisor  
208/334-3540; Fax 334-2125

*Serving Idaho's Citizen Legislature*

Page 2

December 15, 1999

In our opinion, based upon our audit and the reports of other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Idaho as of June 30, 1999, and the results of its operations, the cash flows of its proprietary fund types, similar trust funds and discretely presented component units, the changes in net assets of its pension trust funds and investment trust fund, and the changes in fund balances and current funds revenues, expenditures, and other changes of college and university funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, our report on consideration of the State of Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants will be issued under separate cover in the Single Audit Report.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements of the State of Idaho taken as a whole. The combining statements and schedules and required supplementary information listed in the accompanying table of contents are presented for the purposes of additional analysis and are not a required part of the general-purpose financial statements of the State of Idaho. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

The year 2000 supplementary information on pages 87 to 89 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the State of Idaho is or will become year 2000 compliant, that the State's remediation efforts will be successful in whole or in part, or that parties with which the State does business are or will become year 2000 compliant.

We did not audit the data included in the introductory and statistical sections, and accordingly, express no opinion thereon.

Legislative Audits

By:   
Larry R. Kirk, CPA  
Audit Supervisor

LRK/rt



# General Purpose Financial Statements



School at Midway, ca early 1900's

*State of Idaho*

**Combined Balance Sheet - All Fund Types, Account Groups, and  
Discretely Presented Component Units  
June 30, 1999**

	Governmental Fund Types		Proprietary Fund Types		Fiduciary Fund Types
	General	Special Revenue	Enterprise	Internal Service	Trust and Agency
<b>Assets and Other Debits</b>					
Cash Equity with Treasurer	\$221,012,834	\$374,512,119	\$26,541,195	\$63,595,610	\$189,524,523
Cash and Cash Equivalents	85,370	17,640,601	218,187		250,958,040
Investments	58,144,911	35,083,578			8,081,554,651
Accounts Receivable, Net	119,601,834	26,032,997	3,017,154	782,801	47,990,418
Due from Other Funds	491,107	448,429	473,868	1,831,269	
Due from Other Entities	464,574	108,034,297			
Deferred Bond Financing Costs					
Notes/Mortgages Receivable, Net	75,393	52,345,034			2,596,400
Grand Prizes Receivable			87,455,524		
Other Assets	7,659,059	1,356,411	10,285,586	2,187,964	121,604,627
Fixed Assets, Net			10,277,132	5,460,161	10,112,145
Amount Available for Debt Service					
Amount to be Provided for Long-Term Debt					
Amount to be Provided for Capital Leases					
<b>Total Assets and Other Debits</b>	<b>\$407,535,082</b>	<b>\$615,453,466</b>	<b>\$138,268,646</b>	<b>\$73,857,805</b>	<b>\$8,704,340,804</b>
<b>Liabilities, Equity, and Other Credits</b>					
<b>Liabilities</b>					
Accounts Payable and Other Liabilities	\$20,892,907	\$162,813,659	\$14,329,395	\$2,162,025	\$209,389,075
Payroll and Compensated Absences Payable	51,913,872	25,648,243	1,204,290	2,100,078	16,417
Deposits	873,274	16,707,808	11,000		133,763,248
Due to Other Funds	746,275	2,049,797	67,667	380,934	
Due to Other Entities	16,574,274	2,535			66,781,404
Deferred Revenue	9,079,520	16,797,416	12,623	5,455,233	7,132,944
Notes/Bonds/Contracts Payable			1,835,286		
Grand Prizes Payable			87,455,524		
Policy Claim Liabilities				34,323,926	
Capital Leases			2,154,040	226,009	
<b>Total Liabilities</b>	<b>100,080,122</b>	<b>224,019,458</b>	<b>107,069,825</b>	<b>44,648,205</b>	<b>417,083,088</b>
<b>Equity and Other Credits</b>					
Other Credits					
Investment in General Fixed Assets					
Equity					
Contributed Capital				2,981,847	
Retained Earnings					
Reserved				10,464,768	
Unreserved			31,198,821	15,762,985	
Fund Balances					
Reserved	31,235,531	118,592,618			7,932,313,430
Unreserved	276,219,429	272,841,390			354,944,286
<b>Total Equity and Other Credits</b>	<b>307,454,960</b>	<b>391,434,008</b>	<b>31,198,821</b>	<b>29,209,600</b>	<b>8,287,257,716</b>
<b>Total Liabilities, Equity, and Other Credits</b>	<b>\$407,535,082</b>	<b>\$615,453,466</b>	<b>\$138,268,646</b>	<b>\$73,857,805</b>	<b>\$8,704,340,804</b>

The accompanying notes are an integral part of the financial statements.

Account Groups			Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
General Fixed Assets	General Long- Term Debt	Colleges and Universities			
			\$875,186,281	\$5,075,227	\$880,261,508
		\$99,633,168	368,535,366	31,952,203	400,487,569
		153,429,138	8,328,212,278	428,168,192	8,756,380,470
		43,349,642	240,774,846		240,774,846
		13,076,456	16,321,129		16,321,129
			108,498,871		108,498,871
		7,213,004	7,213,004	18,037,000	25,250,004
		21,913,301	76,930,128	1,207,778,000	1,284,708,128
			87,455,524		87,455,524
		8,142,418	151,236,065	2,488,730	153,724,795
\$761,482,390		887,643,838	1,674,975,666	9,057,790	1,684,033,456
	\$2,587,970		2,587,970		2,587,970
	142,162,097		142,162,097		142,162,097
	3,693,578		3,693,578		3,693,578
\$761,482,390	\$148,443,645	\$1,234,400,965	\$12,083,782,803	\$1,702,557,142	\$13,786,339,945
		\$64,275,802	\$473,862,863	\$7,482,418	\$481,345,281
	\$35,079,396		115,962,296		115,962,296
		752,262	152,107,592	14,063,000	166,170,592
		13,076,456	16,321,129		16,321,129
			83,358,213		83,358,213
		8,733,750	47,211,486	4,266	47,215,752
	109,670,671	192,064,208	303,570,165	1,493,308,000	1,796,878,165
			87,455,524		87,455,524
			34,323,926	4,476,892	38,800,818
	3,693,578	4,599,829	10,673,456		10,673,456
	148,443,645	283,502,307	1,324,846,650	1,519,334,576	2,844,181,226
\$761,482,390		755,837,472	1,517,319,862		1,517,319,862
			2,981,847		2,981,847
			10,464,768	52,853,000	63,317,768
			46,961,806	130,369,566	177,331,372
		117,884,093	8,200,025,672		8,200,025,672
		77,177,093	981,182,198		981,182,198
761,482,390		950,898,658	10,758,936,153	183,222,566	10,942,158,719
\$761,482,390	\$148,443,645	\$1,234,400,965	\$12,083,782,803	\$1,702,557,142	\$13,786,339,945



*State of Idaho*

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances  
All Governmental Fund Types and Expendable Trust Fund  
For the Fiscal Year Ended June 30, 1999**

	Governmental Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Expendable Trust	
<b>Revenues</b>				
Sales Tax	\$707,513,659	\$4,800,130		\$712,313,789
Individual and Corporate Taxes	1,109,126,415			1,109,126,415
Other Taxes	36,595,745	348,885,448	\$70,289,700	455,770,893
Licenses, Permits, and Fees	9,431,562	158,757,918		168,189,480
Sale of Services, Goods, and Property	6,335,378	75,938,092	63,482	82,336,952
Grants and Contributions	5,224,089	935,135,600	831,376	941,191,065
Interest and Other Investment Income	85,752,397	17,552,759	27,599,700	130,904,856
Rent and Lease Income	6,493,966	8,229,280		14,723,246
Miscellaneous Income	18,535,392	34,327,808	4,549,867	57,413,067
Net Inc (Dec) in Fair Value of Investments		(106,487)	(1,887,397)	(1,993,884)
<b>Total Revenues</b>	<b>1,985,008,603</b>	<b>1,583,520,548</b>	<b>101,446,728</b>	<b>3,669,975,879</b>
<b>Expenditures</b>				
Current				
General Government	336,523,217	42,184,726		378,707,943
Public Safety and Correction	139,955,346	50,669,334		190,624,680
Agriculture and Economic Development	26,881,237	129,187,469	109,726,305	265,795,011
Natural Resources	28,838,026	87,726,301		116,564,327
Health	11,202,885	600,542,545		611,745,430
Public Education	1,117,873,686	16,600,822		1,134,474,508
Human Services	595,239	223,187,037		223,782,276
Transportation	8,096,568	240,439,139		248,535,707
Capital Outlay	56,218,164	267,969,383	114,612	324,302,159
Intergovernmental	43,396,152	163,936,077		207,332,229
<b>Total Expenditures</b>	<b>1,769,580,520</b>	<b>1,822,442,833</b>	<b>109,840,917</b>	<b>3,701,864,270</b>
<b>Revenues Over (Under) Expenditures</b>	<b>215,428,083</b>	<b>(238,922,285)</b>	<b>(8,394,189)</b>	<b>(31,888,391)</b>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	952,915,575	269,250,578		1,222,166,153
Operating Transfers Out	(1,129,981,244)	(61,837,672)		(1,191,818,916)
Proceeds from Bond Issues		5,040,535		5,040,535
Capital Leases Incurred	18,949			18,949
<b>Total Other Financing Sources (Uses)</b>	<b>(177,046,720)</b>	<b>212,453,441</b>		<b>35,406,721</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>38,381,363</b>	<b>(26,468,844)</b>	<b>(8,394,189)</b>	<b>3,518,330</b>
<b>Fund Balances - Beginning of Year, as Adjusted</b>	<b>269,073,597</b>	<b>417,902,852</b>	<b>363,338,475</b>	<b>1,050,314,924</b>
<b>Fund Balances - End of Year</b>	<b>\$307,454,960</b>	<b>\$391,434,008</b>	<b>\$354,944,286</b>	<b>\$1,053,833,254</b>

The accompanying notes are an integral part of the financial statements.

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual (Budgetary Basis) - General Fund and Special Revenue Funds  
For the Fiscal Year Ended June 30, 1999**

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Sales Tax	\$699,934,805	\$699,934,805	
Individual and Corporate Taxes	1,106,269,291	1,106,269,291	
Other Taxes	37,440,243	37,440,243	
Licenses, Permits, and Fees	9,432,736	9,432,736	
Sale of Services, Goods, and Property	4,536,682	4,536,682	
Grants and Contributions	6,484,519	6,484,519	
Interest and Other Investment Income	73,109,927	73,109,927	
Rent and Lease Income	6,649,432	6,649,432	
Miscellaneous Income	2,004,590	2,004,590	
<b>Total Revenues</b>	<b>1,945,862,225</b>	<b>1,945,862,225</b>	
<b>Expenditures</b>			
General Government	490,240,743	381,312,017	\$108,928,726
Public Safety and Correction	162,136,830	156,783,394	5,353,436
Agriculture and Economic Development	27,907,946	27,276,833	631,113
Natural Resources	33,473,602	30,261,980	3,211,622
Health	11,829,800	11,274,719	555,081
Public Education	1,192,943,607	1,162,983,469	29,960,138
Human Services	3,915,200	3,914,871	329
Transportation	8,966,784	8,243,331	723,453
<b>Total Expenditures</b>	<b>\$1,931,414,512</b>	<b>1,782,050,614</b>	<b>\$149,363,898</b>
<b>Revenues Over (Under) Expenditures</b>		<b>163,811,611</b>	
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In		952,915,575	
Operating Transfers Out		(1,129,981,244)	
Proceeds from Bond Issues			
Capital Leases Incurred		18,949	
<b>Total Other Financing Sources (Uses)</b>		<b>(177,046,720)</b>	
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>		<b>(13,235,109)</b>	
<b>Reconciling Items</b>			
Changes Effected by Accrued Revenues		39,146,378	
Changes Effected by Accrued Expenditures		12,470,094	
<b>Fund Balances - Beginning of Year, as Adjusted</b>		<b>269,073,597</b>	
<b>Fund Balances - End of Year</b>		<b>\$307,454,960</b>	

The accompanying notes are an integral part of the financial statements.

Special Revenue Funds		
Budget	Actual	Variance Favorable (Unfavorable)
\$4,800,000	\$4,800,000	
351,954,581	351,954,581	
158,509,680	158,509,680	
68,912,749	68,912,749	
912,675,802	912,675,802	
17,815,024	17,815,024	
8,031,823	8,031,823	
26,803,611	26,803,611	
1,549,503,270	1,549,503,270	
91,573,989	89,798,056	\$1,775,933
77,314,128	59,188,278	18,125,850
165,890,363	148,054,252	17,836,111
159,751,982	117,775,922	41,976,060
687,609,635	666,522,609	21,087,026
150,499,355	107,012,961	43,486,394
160,834,809	147,516,276	13,318,533
536,425,437	430,342,248	106,083,189
\$2,029,899,698	1,766,210,602	\$263,689,096
	(216,707,332)	
	269,250,578	
	(61,837,672)	
	5,040,535	
	212,453,441	
	(4,253,891)	
	34,017,278	
	(56,232,231)	
	417,902,852	
	\$391,434,008	

*State of Idaho*

**Combined Statement of Revenues, Expenses, and Changes in  
Retained Earnings/Fund Balances - All Proprietary Fund Types, Similar Trust Funds, and  
Discretely Presented Component Units  
For the Fiscal Year Ended June 30, 1999**

	Proprietary Fund Types		Fiduciary Fund Type	Total Primary Government (Memorandum Only)
	Enterprise	Internal Service	Non- expendable Trust	
<b>Operating Revenues</b>				
Other Taxes		\$42,513		\$42,513
Licenses, Permits, and Fees	\$1,000	16,210		17,210
Sale of Services, Goods, and Property	158,428,504	115,665,257	\$56,550,795	330,644,556
Interest and Other Investment Income				
Rent and Lease Income		5,095,338		5,095,338
Miscellaneous Income	699,818	5,572,377		6,272,195
<b>Total Operating Revenues</b>	<b>159,129,322</b>	<b>126,391,695</b>	<b>56,550,795</b>	<b>342,071,812</b>
<b>Operating Expenses</b>				
Personnel Costs	9,480,471	17,200,118		26,680,589
Services	11,437,770	13,303,760		24,741,530
Travel	69,928	221,536		291,464
Supplies	39,732,034	1,813,087		41,545,121
Insurance, Utilities, and Rent	2,927,767	3,167,450		6,095,217
Miscellaneous	1,907,315	1,440,603		3,347,918
Depreciation	1,075,548	2,183,537		3,259,085
Awards and Claims	52,322,417	92,406,183		144,728,600
Payment as Agent	10,289,145	34,605		10,323,750
<b>Total Operating Expenses</b>	<b>129,242,395</b>	<b>131,770,879</b>		<b>261,013,274</b>
<b>Operating Income (Loss)</b>	<b>29,886,927</b>	<b>(5,379,184)</b>	<b>56,550,795</b>	<b>81,058,538</b>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income	488,864	3,505,270		3,994,134
Investment Income				
Net Inc (Dec) in Fair Value of Investments			(15,666,892)	(15,666,892)
Interest Expense	(323,667)	(48,598)		(372,265)
Loss on Sale of Fixed Assets	(7,145)			(7,145)
Other				
<b>Total Nonoperating Revenues (Expenses)</b>	<b>158,052</b>	<b>3,456,672</b>	<b>(15,666,892)</b>	<b>(12,052,168)</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>30,044,979</b>	<b>(1,922,512)</b>	<b>40,883,903</b>	<b>69,006,370</b>
Operating Transfers In		41,005		41,005
Operating Transfers Out	(28,795,000)	(1,593,242)		(30,388,242)
<b>Net Income (Loss)</b>	<b>1,249,979</b>	<b>(3,474,749)</b>	<b>40,883,903</b>	<b>38,659,133</b>
<b>Beginning Retained Earnings/Fund Balances, as Adjusted</b>	<b>29,948,842</b>	<b>29,702,502</b>	<b>727,865,845</b>	<b>787,517,189</b>
<b>Ending Retained Earnings/Fund Balances</b>	<b>\$31,198,821</b>	<b>\$26,227,753</b>	<b>\$768,749,748</b>	<b>\$826,176,322</b>

The accompanying notes are an integral part of the financial statements.

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Component Units	Total Reporting Entity (Memorandum Only)
	\$42,513
\$8,677,601	8,694,811
39,401	330,683,957
78,438,000	78,438,000
	5,095,338
2,174,475	8,446,670
89,329,477	431,401,289
4,280,972	30,961,561
5,035,679	29,777,209
	291,464
	41,545,121
11,720	6,106,937
862,755	4,210,673
750,056	4,009,141
2,280,660	147,009,260
	10,323,750
13,221,842	274,235,116
76,107,635	157,166,173
637,206	4,631,340
19,537,072	19,537,072
(6,165,507)	(21,832,399)
(82,370,000)	(82,742,265)
	(7,145)
(1,622,000)	(1,622,000)
(69,983,229)	(82,035,397)
6,124,406	75,130,776
	41,005
	(30,388,242)
6,124,406	44,783,539
177,098,160	964,615,349
\$183,222,566	\$1,009,398,888

*State of Idaho*

**Combined Statement of Cash Flows - All Proprietary Fund Types, Similar Trust Funds, and  
Discretely Presented Component Units  
For the Fiscal Year Ended June 30, 1999**

	Proprietary Fund Types		Fiduciary Fund Type
	Enterprise	Internal Service	Non- expendable Trust
<b>Increase (Decrease) in Cash, Cash Equivalents, and Cash Equity with Treasurer</b>			
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers, Loan Interest, and Fees	\$152,298,564	\$9,742,144	\$58,677,983
Receipts from State Agency Customers	5,147,885	115,022,240	
Loan Principal Payments			
Payments to Suppliers	(54,391,873)	(15,784,975)	
Payments to Employees for Services and Benefits	(9,355,885)	(17,077,144)	
Payments to State Agency Suppliers	(248,953)	(3,668,112)	
Payments of Awards and Claims	(52,322,417)	(89,991,736)	
Loan Principal Additions			
Payments as Agent	(6,776,237)		
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>34,351,084</b>	<b>(1,757,583)</b>	<b>58,677,983</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Operating Transfers In		41,005	
Operating Transfers Out	(28,795,000)	(1,593,242)	
Deferred Bond Financing Cost			
Interest Paid			
Payment of Bonds			
Bonds Issued			
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(28,795,000)</b>	<b>(1,552,237)</b>	
<b>Cash Flows from Capital and Related Financing Activities</b>			
Proceeds from Disposition of Capital Assets	1,150	11,938	
Acquisition and Construction of Capital Assets	(4,126,360)	(2,683,414)	
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(4,125,210)</b>	<b>(2,671,476)</b>	
<b>Cash Flows from Investing Activities</b>			
Receipt of Interest and Dividends	488,864	3,505,266	517,761
Purchase of Investments			(5,692,893,838)
Redemption of Investments			5,634,917,874
Investment Income			
Other Investing Activities	(150,351)		
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>338,513</b>	<b>3,505,266</b>	<b>(57,458,203)</b>
<b>Net Increase (Decrease) in Cash, Cash Equivalents, and Cash Equity with Treasurer</b>	<b>1,769,387</b>	<b>(2,476,030)</b>	<b>1,219,780</b>
<b>Beginning Cash, Cash Equivalents, and Cash Equity with Treasurer</b>	<b>24,989,995</b>	<b>66,071,640</b>	<b>60,030</b>
<b>Ending Cash, Cash Equivalents, and Cash Equity with Treasurer</b>	<b>\$26,759,382</b>	<b>\$63,595,610</b>	<b>\$1,279,810</b>

The accompanying notes are an integral part of the financial statements.

Continued

Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
\$220,718,691	\$87,443,118	\$308,161,809
120,170,125		120,170,125
	162,339,000	162,339,000
(70,176,848)	(3,304,027)	(73,480,875)
(26,433,029)	(4,280,972)	(30,714,001)
(3,917,065)		(3,917,065)
(142,314,153)	(7,460,096)	(149,774,249)
	(235,851,000)	(235,851,000)
(6,776,237)		(6,776,237)
91,271,484	(1,113,977)	90,157,507
41,005		41,005
(30,388,242)		(30,388,242)
	(3,287,000)	(3,287,000)
	(79,099,000)	(79,099,000)
	(145,476,000)	(145,476,000)
	256,265,000	256,265,000
(30,347,237)	28,403,000	(1,944,237)
13,088	49	13,137
(6,809,774)	(668,000)	(7,477,774)
(6,796,686)	(667,951)	(7,464,637)
4,511,891		4,511,891
(5,692,893,838)	(1,332,971,973)	(7,025,865,811)
5,634,917,874	1,291,053,013	6,925,970,887
	2,705,688	2,705,688
(150,351)	16,959,439	16,809,088
(53,614,424)	(22,253,833)	(75,868,257)
513,137	4,367,239	4,880,376
91,121,665	32,660,191	123,781,856
\$91,634,802	\$37,027,430	\$128,662,232

## State of Idaho

### Combined Statement of Cash Flows - All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Units For the Fiscal Year Ended June 30, 1999

	Proprietary Fund Types		Fiduciary Fund Type
	Enterprise	Internal Service	Non-expendable Trust
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$29,886,927	(\$5,379,184)	\$56,550,795
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Amortization of Deferred Loan Discounts			
Depreciation	1,075,548	2,183,537	
(Increase) Decrease in Accounts Receivable, Net	(1,653,547)	(524,880)	1,501,654
(Increase) Decrease in Notes and Mortgages Receivable			625,534
(Increase) Decrease in Grand Prize Receivables	3,376,743		
(Increase) Decrease in Due from Other Funds	(28,175)	(515,791)	
(Increase) Decrease in Other Assets	645,151	(438,874)	
(Increase) Decrease in Customer Loan Principal			
Increase (Decrease) in Accounts Payable and Other Liabilities	4,242,754	156,203	
Increase (Decrease) in Interest Payable			
Increase (Decrease) in Grand Prizes Payable	(3,376,743)		
Increase (Decrease) in Deferred Revenue	8,910	(228,185)	
Increase (Decrease) in Due to Other Funds	48,930	119,174	
Increase (Decrease) in Deposits			
Increase (Decrease) in Compensated Absences	124,586	194,923	
Increase (Decrease) in Policy Claim Liabilities		2,675,494	
<b>Total Adjustments</b>	<b>4,464,157</b>	<b>3,621,601</b>	<b>2,127,188</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$34,351,084</b>	<b>(\$1,757,583)</b>	<b>\$58,677,983</b>

#### Noncash Transactions:

Noncash transactions are investing and financing activities that affect assets and liabilities but do not result in cash receipts or payments. The following noncash transactions occurred during the year: The State Lottery, an enterprise fund, reported accretion of grand prize annuities receivable from the Multi-State Lottery Association, with a corresponding increase in the grand prizes payable totaling \$5,993,257. Internal service funds received contributions of fixed assets with a fair market value of \$5,040 and acquired fixed assets through capital lease in the amount of \$54,139.

#### Cash, Cash Equivalents, and Cash Equity with Treasurer Reconciliation to Combined Balance Sheet

Total Trust and Agency	\$440,482,563
Less: Expendable Trust Fund	(264,647,240)
Investment Trust Fund	(150,953,284)
Pension Trust Funds	(2,645,918)
Agency Funds	(20,956,311)
<b>Nonexpendable Trust Cash, Cash Equivalents, and Cash Equity with Treasurer</b>	<b>\$1,279,810</b>

The accompanying notes are an integral part of the financial statements.

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Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
\$81,058,538	\$76,107,635	\$157,166,173
	(2,230,000)	(2,230,000)
3,259,085	750,056	4,009,141
(676,773)	(216,000)	(892,773)
625,534	162,339,000	162,964,534
3,376,743		3,376,743
(543,966)		(543,966)
206,277	1,966,594	2,172,871
	(235,851,000)	(235,851,000)
4,398,957	(5,026,333)	(627,376)
	716,000	716,000
(3,376,743)		(3,376,743)
(219,275)		(219,275)
168,104		168,104
	625,000	625,000
319,509		319,509
2,675,494	(294,929)	2,380,565
10,212,946	(77,221,612)	(67,008,666)
\$91,271,484	(\$1,113,977)	\$90,157,507

*State of Idaho*

**Statement of Changes in Net Assets**  
**Pension Trust Funds and Investment Trust Fund**  
**For the Fiscal Year Ended June 30, 1999**

	Public Employee Retirement System of Idaho Plan	Firemen's Retirement Fund	Idaho Super Saver - 401(k) Plan
<b>Additions</b>			
Contributions:			
Member	\$106,138,849	\$330,366	\$4,431,282
Employer	173,090,883	8,568,755	
Pool Participant Deposits			
Total Contributions and Deposits	279,229,732	8,899,121	4,431,282
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	458,719,034	14,522,478	683,911
Interest and Other Investment Income	179,360,699	5,678,338	620,535
Less: Investment Expenses	(19,317,166)	(611,558)	
Net Investment Income	618,762,567	19,589,258	1,304,446
Licenses, Permits, and Fees			
Miscellaneous Income	411,586		
<b>Total Additions</b>	898,403,885	28,488,379	5,735,728
<b>Deductions</b>			
Services	3,565,106		31,691
Plan Benefits and Refunds Paid to Plan Members	208,154,132	11,446,307	363,596
Earnings Distribution			
Pool Participant Withdrawals			
<b>Total Deductions</b>	211,719,238	11,446,307	395,287
<b>Increase in Net Assets</b>	686,684,647	17,042,072	5,340,441
<b>Net Assets Held in Trust for Pension Benefits and External Investment Pool Participants:</b>			
Beginning of Year, as Adjusted	5,506,379,913	179,009,669	9,486,315
End of Year	\$6,193,064,560	\$196,051,741	\$14,826,756

The accompanying notes are an integral part of the financial statements.

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Judges' Retirement Fund	Joint Exercise of Powers
\$227,404	
265,304	
	\$1,491,437,425
492,708	1,491,437,425
	(1,842,167)
11,080,496	32,757,929
(194,765)	(136,656)
10,885,731	30,779,106
1,293,836	
12,672,275	1,522,216,531
30,299	
1,575,824	
	35,482,945
	1,354,845,217
1,606,123	1,390,328,162
11,066,152	131,888,369
49,741,242	566,924,862
\$60,807,394	\$698,813,231

*State of Idaho***Combined Statement of Changes in Fund Balances****All College and University Funds****For the Fiscal Year Ended June 30, 1999**

	Current Funds			
	Unrestricted	Auxiliary	Restricted	Student Loan
<b>Revenues and Other Additions</b>				
Unrestricted Current Funds Revenues	\$348,374,252	\$83,646,308		
Student Fees				\$7,803
Private Gifts, Grants, and Contracts			\$18,999,859	19,094
Government Grants and Contracts			172,124,553	623,569
Government Appropriations			30,805,110	
Investment Income			4,082	109,841
Interest on Loans Receivable				480,552
Expended for Plant Facilities				
Retirement of Indebtedness				
Change in Unrealized Appreciation on Securities				(20,408)
Proceeds from Issuance of Bonds and Notes Payable				
Public Works Projects Completed				
Other Additions			3,877,035	149,932
<b>Total Revenues and Other Additions</b>	<b>348,374,252</b>	<b>83,646,308</b>	<b>225,810,639</b>	<b>1,370,383</b>
<b>Expenditures and Other Deductions</b>				
Educational and General	338,937,317		221,834,373	
Auxiliary Enterprises Expenditures		78,933,960		
Indirect Costs Recovered			5,821,796	
Loan Cancellations and Write-Offs				422,669
Expended for Plant Facilities				
Retirement of Indebtedness				
Interest on Indebtedness				
Disposal of Plant Facilities				
Additions to Indebtedness				
Additions to Capital Leases				
Other Deductions				231,094
<b>Total Expenditures and Other Deductions</b>	<b>338,937,317</b>	<b>78,933,960</b>	<b>227,656,169</b>	<b>653,763</b>
<b>Transfers</b>				
Principal and Interest	(7,668,268)	(5,646,358)	(61,271)	
Loans and Matching Grants	(1,408,119)	(9,311)	1,270,840	146,590
Net Transfers (Voluntary)	(7,077,464)	1,400,357	1,282,411	(8,058)
<b>Total Transfers</b>	<b>(16,153,851)</b>	<b>(4,255,312)</b>	<b>2,491,980</b>	<b>138,532</b>
<b>Net Increase (Decrease) for the Year</b>	<b>(6,716,916)</b>	<b>457,036</b>	<b>646,450</b>	<b>855,152</b>
<b>Fund Balances - Beginning of Year</b>	<b>40,933,277</b>	<b>13,721,302</b>	<b>6,807,152</b>	<b>22,872,685</b>
<b>Fund Balances - End of Year</b>	<b>\$34,216,361</b>	<b>\$14,178,338</b>	<b>\$7,453,602</b>	<b>\$23,727,837</b>

The accompanying notes are an integral part of the financial statements.

Endowment	Plant Funds				Total
	Unexpended Plant	Renewal and Replacement	Retirement of Indebtedness	Net Investment in Plant	
					\$432,020,560
					7,803
\$1,951,821	\$2,350,449			\$3,329,798	26,651,021
	278,693		\$449,749	685,000	174,161,564
					30,805,110
3,406,799	4,907,555	\$54,245	1,432,643		9,915,165
					480,552
				55,357,216	55,357,216
				11,882,566	11,882,566
4,256,658	(688,148)	(74,240)	(113,862)		3,360,000
	28,194,356		7,192,613		35,386,969
				8,010,329	8,010,329
217,554	249,342	2,500	(307)	17,892	4,513,948
9,832,832	35,292,247	(17,495)	8,960,836	79,282,801	792,552,803
					560,771,690
					78,933,960
					5,821,796
					422,669
	21,861,372	554,744			22,416,116
			11,882,566		11,882,566
			9,700,182		9,700,182
				14,710,780	14,710,780
				35,386,969	35,386,969
				162,175	162,175
3,476,031	4,636		517,477		4,229,238
3,476,031	21,866,008	554,744	22,100,225	50,259,924	744,438,141
	(1,458,601)		14,834,498		
	5,954,431	2,411,540	(3,963,217)		
	4,495,830	2,411,540	10,871,281		
6,356,801	17,922,069	1,839,301	(2,268,108)	29,022,877	48,114,662
74,294,121	50,077,827	4,341,355	27,779,354	661,956,923	902,783,996
\$80,650,922	\$67,999,896	\$6,180,656	\$25,511,246	\$690,979,800	\$950,898,658

**Combined Statement of Current Funds Revenues, Expenditures, and Other Changes  
All College and University Funds  
For the Fiscal Year Ended June 30, 1999**

	Unrestricted	Auxiliary	Restricted	Total
<b>Revenues</b>				
Appropriated General Education Revenues				
State General Account - General Education	\$189,100,790	\$5,333,637		\$194,434,427
Endowment Income	11,386,659			11,386,659
Student Fees and Miscellaneous Receipts	57,663,814			57,663,814
Idaho Dental Education Program	564,300			564,300
Museum of Natural History	505,000			505,000
Family Practice	369,200			369,200
Other State General Accounts	448,826		\$26,382,861	26,831,687
Federal Appropriations			4,211,215	4,211,215
Vocational Education	19,019,691			19,019,691
Federal Grants and Contracts	181,486		149,525,272	149,706,758
State Grants and Contracts	282,891	24,030	16,456,448	16,763,369
Private Gifts, Grants, and Contracts	4,688,668	1,510,906	21,211,555	27,411,129
Other Student Fees	37,516,883	19,997,541	384,882	57,899,306
Sales and Services of Educational Departments	9,997,961		791,998	10,789,959
Sales and Services of Auxiliary Enterprises	286,942	56,228,012		56,514,954
Indirect Costs Recovered	5,835,299		62,933	5,898,232
Other Sources	11,458,083	553,230	2,887,426	14,898,739
Net Inc (Dec) in Fair Value of Investments	(932,241)	(1,048)		(933,289)
<b>Total Revenues</b>	<b>348,374,252</b>	<b>83,646,308</b>	<b>221,914,590</b>	<b>653,935,150</b>
<b>Expenditures and Mandatory Transfers</b>				
Educational and General				
Instruction	168,153,477		25,028,520	193,181,997
Research	14,848,859		46,397,934	61,246,793
Public Service	4,897,382		18,546,115	23,443,497
Academic Support	36,311,729		1,052,300	37,364,029
Libraries	15,537,625		52,285	15,589,910
Student Services	19,305,489		2,419,475	21,724,964
Institutional Support	35,766,991		356,744	36,123,735
Operations and Maintenance of Plant	32,225,788		1,442,189	33,667,977
Scholarships and Fellowships	11,889,977		126,538,811	138,428,788
<b>Educational and General Expenditures</b>	<b>338,937,317</b>		<b>221,834,373</b>	<b>560,771,690</b>
Mandatory Transfers for Loans and Matching Grants	1,408,119		(1,270,840)	137,279
Mandatory Transfers for Principal and Interest	7,668,268		61,271	7,729,539
<b>Total Educational and General</b>	<b>348,013,704</b>		<b>220,624,804</b>	<b>568,638,508</b>
Auxiliary Enterprises				
Expenditures		78,933,960		78,933,960
Mandatory Transfers for Principal and Interest		5,646,358		5,646,358
Matching Grants		9,311		9,311
<b>Total Auxiliary Enterprises</b>		<b>84,589,629</b>		<b>84,589,629</b>
<b>Total Expenditures and Mandatory Transfers</b>	<b>348,013,704</b>	<b>84,589,629</b>	<b>220,624,804</b>	<b>653,228,137</b>
<b>Other Transfers and Additions (Deductions)</b>				
Excess (Deficiency) of Restricted Receipts Over Transfers to Revenue			(1,925,747)	(1,925,747)
Net Transfers (Voluntary)	(7,077,464)	1,400,357	1,282,411	(4,394,696)
<b>Total Other Transfers and Additions (Deductions)</b>	<b>(7,077,464)</b>	<b>1,400,357</b>	<b>(643,336)</b>	<b>(6,320,443)</b>
<b>Net Increase (Decrease) in Fund Balances</b>	<b>(\$6,716,916)</b>	<b>\$457,036</b>	<b>\$646,450</b>	<b>(\$5,613,430)</b>

The accompanying notes are an integral part of the financial statements.

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The accompanying financial statements of the State of Idaho have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the standard-setting body for governmental accounting and financial reporting principles.

Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

The accompanying financial statements present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the cash flows of the proprietary and nonexpendable trust funds. The financial statements include the various departments, agencies, and other organizational units governed by the Idaho State Legislature and/or Constitutional Officers of the State of Idaho.

The financial statements are presented as of and for the year ended June 30, 1999, except for the State Bar (presented in the Regulatory Special Revenue Fund) whose statements are as of and for the fiscal year ended December 31, 1998; the Idaho Dairy Products Commission (presented in the Agriculture and Natural Resources Special Revenue Fund) whose statements are as of and for the fiscal year ended December 31, 1998; the Idaho Potato Commission (presented in the Agriculture and Natural Resources Special Revenue Fund) whose statements are as of and for the year ended August 31, 1999; the Petroleum Clean Water Trust Fund and the Idaho Life and Health Insurance Guaranty Association (discretely presented component units) whose financial statements are as of and for the year ended December 31, 1998.

**B. Financial Reporting Entity**

For financial reporting purposes, the State has included all funds, agencies, boards, commissions, authorities, and account groups. The State has also considered potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationships with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. As defined by GASB, financial accountability exists, generally, if the State appoints a voting majority of the organization's governing board and (1) the State is able to impose its will on the organization, or (2) if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State.

As required by GAAP, these financial statements present the State of Idaho (primary government) and its component units. The component units are included in the State's reporting entity because of the significance of their operational or financial relationships with the State.

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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***Blended Component Unit***

The following component unit is legally separate from the State but is reported as part of the State and blended into the appropriate fund and account groups.

*Idaho State Building Authority.* The Idaho State Building Authority was created by Idaho Code, Title 67, Chapter 64, to finance and construct facilities, such as office buildings and parking garages, to be used and leased by the State. Following the guidance provided by the National Council on Governmental Accounting (NCGA) Statement 5, "Accounting and Financial Reporting Principles for Lease Agreements of State and Local Governments," and Governmental Accounting Standards Board (GASB) Statement 14, "The Financial Reporting Entity," the Idaho State Building Authority is presented as a blended component unit in a special revenue fund, the General Long-Term Debt Account Group, and the General Fixed Assets Account Group. GASB 14 requires the Idaho State Building Authority to be presented as a blended component unit because the Board is appointed by the Governor, the Authority relies entirely on the State's leasing agreements, resulting in a significant financial benefit/burden relationship, and the Authority provides services entirely to the State of Idaho. Idaho Code, Section 67-6419 states, "The notes, bonds or other obligations of the authority shall not be or become an indebtedness or obligation of the state of Idaho...nor shall such notes, bonds or obligations of the authority constitute the giving or loaning of the credit of the state of Idaho...." The General Long-Term Debt Account Group includes \$102.1 million of the Authority's debt. Idaho State Building Authority's fixed assets of \$115.6 million, presented in the General Fixed Assets Account Group, are titled in the name of the Authority. The Authority's audit report, dated August 4, 1999, was issued under separate cover for the fiscal year ended June 30, 1999.

***Discretely Presented Component Units***

These component units are organizations which are legally separate from the State but are financially accountable to the State or their relationships with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The component units are reported in a separate column to emphasize that they are legally separate from the primary government and are governed by separate boards. Following is a brief description of the three discretely presented component units:

*The Idaho Housing and Finance Association.* The Idaho Housing and Finance Association was created by the Idaho Legislature in Idaho Code, Title 67, Chapter 62, for the purpose of building and rehabilitating residential housing for persons of low income. The Governor appoints the Board to fixed overlapping four-year terms. A financial benefit/burden relationship exists between the State and the Association. The Association is entitled to appropriation from the state sales tax account to back certain capital reserve funds for bonds outstanding. After January 1, 1996, the Association was precluded from issuing debt backed by an appropriation from the state sales tax account. As of June 30, 1999, the outstanding bonds entitled to a continuing appropriation from the state sales tax account totaled \$54,810,000. The Association is presented discretely as an enterprise fund. Their audit report, dated August 27, 1999, was issued under separate cover for the year ended June 30, 1999.

*Idaho Life and Health Insurance Guaranty Association.* The Idaho Life and Health Insurance Guaranty Association is a nonprofit organization authorized by the Idaho Life and Health

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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Insurance Guaranty Association Act of 1977, Idaho Code, Title 41, Chapter 43. The Act was passed to provide a mechanism for the payment of covered claims under certain insurance policies where the insurer becomes insolvent. The Act applies to direct and supplemental life and disability policies and annuity contracts. All insurance companies, which sell the type of insurance covered under the Act, are required to be members of the Association as a condition of their authority to transact insurance business in Idaho. The Board members are selected by member insurers; however, the director of Insurance has veto power and may dismiss management at will. Insurers may offset assessments against their premium taxes to the extent of twenty percent of the amount of such assessment for each of the five calendar years following the year in which the assessment was paid. An allowable offset, or portion thereof, not used in any calendar year cannot be carried over or back to any other year. This imposes a potential direct financial burden on the State. The Association is presented discretely as an enterprise fund. Their audit report, dated March 23, 1999, was issued under separate cover for the year ended December 31, 1998.

Petroleum Clean Water Trust Fund. Idaho Code, Title 41, Chapter 49, created the Petroleum Clean Water Trust Fund to provide pollution liability insurance to eligible owners and operators of petroleum storage tanks. The Fund is subject to the direction and supervision of the manager of the State Insurance Fund. The State approves and may modify the Fund's annual budget and thereby has the ability to impose its will on the Fund. The Fund is presented discretely as an enterprise fund. Their audit report, dated August 4, 1999, was issued under separate cover for the year ended December 31, 1998.

Complete financial statements for each of the individual component units may be obtained from their respective administrative offices, as follows:

Idaho State Building Authority  
P.O. Box 2802  
Boise, ID 83701

Idaho Life and Health Insurance Guaranty  
Association  
P.O. Box 7367  
Boise, ID 83707

Idaho Housing and Finance Association  
P.O. Box 7899  
Boise, ID 83707

Petroleum Clean Water Trust Fund  
P.O. Box 83720  
Boise, ID 83720-0044

***Related Organizations***

The State Insurance Fund. The State Insurance Fund was created by Idaho Code, Title 72, Chapter 9. Board members are appointed by the Governor but there is no ability for the State to impose its will on the organization and there is no financial benefit/burden relationship. Therefore, the State Insurance Fund is considered a related organization of the State of Idaho.

**C. Constitutional Debt and Liability Limitation**

Article VIII, Section 1, of the Idaho Constitution was amended in 1998 to specify that the Legislature shall not create any debts or liabilities, except in extreme emergencies, unless authorized by law and then

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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approved by the people at a general election. This section shall not apply to liabilities incurred for ordinary operating expenses, nor shall it apply to debts or liabilities that are repaid by the end of the fiscal year. The debts or liabilities of independent public bodies corporate and politic created by law and which have no power to levy taxes or obligate the general fund of the state are not debts or liabilities of the State of Idaho. The provisions of this section shall not make illegal those types of financial transactions that were legal on or before November 3, 1998.

**D. Fund Accounting**

The financial activities of the State are recorded in individual funds and account groups which are used to report the financial position and results of the operations of the State. Fund accounting is used to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The State records its transactions in four fund categories and two account groups. The fund categories include governmental funds, proprietary funds, fiduciary funds, and college and university funds. Account groups are composed of general fixed assets and general long-term debt.

1. Governmental funds are used to account for the State's general activities, including collection and disbursement of earmarked monies (special revenue funds), and acquisition or construction of general fixed assets. Governmental fund types include the following:

**The General Fund** is the principal operating fund of the State. It is used to account for resources that are not accounted for in other funds. These resources are used to provide services that include general government, public safety and corrections, agriculture and economic development, natural resources, health, public education (other than those reported in the university funds), human services, and transportation. Consistent with applicable legal requirements, certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Fund.

**Special Revenue Funds** are used to account for transactions related to resources obtained from specific revenue sources (other than expendable trusts) that are legally restricted to expenditures for specified purposes. Special revenue funds account for certain federal grant programs, taxes levied with statutorily defined distributions, and other resources restricted as to purpose. Special revenue funds include the financial activities related to Fish and Game, Health and Welfare, Transportation, Federal, Regulatory, Agriculture and Natural Resources, Miscellaneous, and the Idaho State Building Authority.

2. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds). Proprietary funds include the following:

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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**Enterprise Funds** are established to account for governmental operations that function in a manner similar to private business enterprises where the intent of the State is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds include Correctional Industries, Liquor Dispensary, and State Lottery.

**Internal Service Funds** are used to account for a variety of independent operations that render services and/or provide goods to other state agencies or governmental units on a cost-reimbursement basis. Internal service funds include the financial activities of General Services, Data Processing Services, Group Insurance, and Risk Management.

3. Fiduciary funds account for assets held by the State in a trust or agency capacity. Fiduciary fund types include the following:

**The Expendable Trust Fund** accounts for assets held by the State in a trustee capacity. Principal and income may be expended in the course of designated operations. The only expendable trust fund for the State is Unemployment Compensation.

**The Investment Trust Fund** is used to account for the investments related to external participants in the Joint Exercise of Powers Trust Fund.

**Nonexpendable Trust Funds** account for the transactions, assets, liabilities, and fund equity of the State Endowment Funds. The Endowment Funds were created from federal Enabling Act land grants and the sale of such lands. Endowment Fund properties may be exchanged for other assets. The fund's principal is nonexpendable. Earnings on the principal are used to support education, mental health, corrections, and public buildings.

**Pension Trust Funds** account for transactions, assets, liabilities, and net assets available for plan benefits of the State's retirement systems.

**Agency Funds** account for various taxes, deposits, and property collected or held by the State, acting in a custodial capacity, for distribution to other governmental units or designated beneficiaries.

4. College and university funds account for the financial position and operations of the State's public colleges and universities. Accordingly, college and university funds are an aggregation of the following funds:

**Current Funds** are used primarily to account for amounts which are expended in performing the primary and support objectives of the colleges and universities, e.g., instruction, research, public service, academic support, libraries, student services, institutional support, operations and maintenance of plant, scholarships and fellowships, and auxiliary activities. Funds included in this classification consist of the following:

Unrestricted Funds are used to account for transactions related to the educational and general operations of the colleges and universities. These funds may be used at the

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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discretion of the governing board or their designee to meet current expenditures for any purpose.

Auxiliary Enterprise Funds are used to account for transactions of substantially self-supporting activities that primarily provide services to students, faculty, and staff. Auxiliary enterprises include, but are not limited to, student housing, food services, bookstore, and intercollegiate athletics.

Restricted Funds are used to account for current funds expended for operating purposes but restricted by donors or other outside agencies as to the specific purpose for which they may be used. Revenues of the restricted funds are reported in the Statement of Current Funds Revenues, Expenditures, and Other Changes only to the extent they are expended for current operating purposes. The excess or deficiency of receipts over expenditures is included as an addition or deduction directly to fund balances during the year.

**Student Loan Funds** account for transactions of related resources obtained and used for loans to students.

**Endowment and Similar Funds** account for resources held by the institutions that must be administered in accordance with trust agreements restricting the use of the principal. Quasi-endowment funds have been established for the same purposes as the endowment funds; however, any portion of such funds can be expended.

**Plant Funds** are used to account for the transactions relating to investment in college and university properties. Plant funds include (1) Unexpended Plant Funds, (2) Renewal and Replacement Funds, (3) Retirement of Indebtedness Funds, and (4) Net Investment in Plant Funds. The Unexpended Plant Funds are comprised of amounts which have been appropriated or designated for land, improvements, buildings, and equipment. The Renewal and Replacement Funds are comprised of amounts provided for renewal and replacement of certain properties. The Retirement of Indebtedness Funds represent bond sinking funds used to provide for payment of principal and interest pursuant to terms of bond indentures. Net Investment in Plant Funds represents the accumulated cost of property, buildings, and equipment over related liabilities.

**Agency Funds** account for amounts held in custody for students, institution-related organizations, and others.

5. Account groups consist of the following:

**The General Fixed Assets Account Group** is used to account for land, buildings and improvements, construction in progress, improvements other than buildings, machinery and equipment, and capital leases of the governmental fund types. Fixed assets of the proprietary fund types, nonexpendable trust funds, pension trust funds, and colleges and universities are accounted for separately in their respective funds.

**The General Long-Term Debt Account Group** accounts for the State's unmatured long-term obligations related to capital lease obligations; compensated absences; and notes, bonds, and

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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contracts payable. Long-term obligations of the proprietary fund types, nonexpendable trust funds, pension trust funds, and the college and university funds are accounted for in their respective funds.

**E. Measurement Focus and Basis of Accounting**

Accounting and financial reporting treatments applied to funds are described as follows:

All governmental funds and the expendable trust fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. Operating statements of these funds present increases in spendable resources as revenues and other financing sources, and decreases in spendable financial resources as expenditures and other financing uses.

All governmental funds, the expendable trust fund, and agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available to finance operations of the current fiscal year. Available means collected in the current year or soon enough after year end to liquidate liabilities existing at the end of the year. Significant revenue sources, which are susceptible to accrual, include sales taxes, individual income taxes, corporate income taxes, and federal grants. Licenses, fees, permits, and other miscellaneous revenues are recognized when received, since they normally are measurable only at that time. Expenditures are recorded when the fund liabilities are incurred.

Proprietary funds, in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, are required to apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedures. In addition, a proprietary activity may apply all FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements. The State has elected not to follow FASB pronouncements issued after November 30, 1989, for proprietary funds.

All proprietary funds, nonexpendable trust funds, the investment trust fund, and pension trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. This also applies to the three discretely presented component units, which are accounted for as proprietary activities.

All proprietary funds, nonexpendable trust funds, the investment trust fund, pension trust funds, and the three discretely presented component units use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Fund equity is segregated into Contributed Capital and Retained Earnings for proprietary funds and fund balances for nonexpendable trust, investment trust, and pension trust funds.

The college and university funds are reported using the accrual basis of accounting with the following exceptions: depreciation expenses related to plant fund assets are not recorded and revenues and

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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expenditures of summer sessions are reported within the fiscal year in which the total summer sessions program is predominantly conducted.

**F. Budgetary Process**

By November of each year, all agencies of the State submit requests for appropriations to the Division of Financial Management in the Governor's Office so an Executive Budget may be prepared for the upcoming legislative session. The budget is generally prepared by agency, fund, program, and object. Legal level of budgetary control is usually maintained at the fund level, except as described below. The budget presentation includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

In January and February, the Governor's proposed budget recommendations are presented to the Legislature for review, change, and preparation of the annual appropriation acts for the various agencies. Appropriated funds include the General Fund, the special revenue funds, the internal service funds, the enterprise funds, the pension plans, and the college and universities' current and endowment funds. The appropriated funds are either appropriated annually or on a continuous basis. For those funds appropriated on a continuous basis, appropriation equals expenditures. Budgets are adopted in accordance with Idaho Code, Title 67, Chapters 35 and 36. Both houses of the Legislature must pass the appropriation acts by a simple majority vote. The appropriation acts become the State's authorized operating budget upon the Governor's signature, or if allowed, become law without the Governor's signature.

Once the budget has been adopted, limitations exist regarding the extent to which management may make modifications (management includes the Division of Financial Management and the Board of Examiners). At no time, without legislative authority, may an appropriation be transferred from one fund to another. However, with the appropriate approval, the following adjustments may be made:

Idaho Code, Section 67-3511(1), allows agencies to transfer spending authority between objects within a fund and program, with the exception of personnel costs. Appropriation for personnel costs may be transferred to other objects, but appropriation for other costs may not be transferred to personnel. Appropriations for capital outlay may not be used for any other purpose, per Idaho Code, Section 67-3511(3); however, appropriations for other objects may be transferred to capital outlay. The Board of Examiners must approve object transfers.

Idaho Code, Section 67-3511(2), allows agencies to transfer spending authority from one program to another within an agency, provided the transfer is not more than 10 percent cumulative change from the appropriated amount for any program affected by the transfer. The Division of Financial Management and the Board of Examiners must approve these transfers. Transfers above 10 percent cumulative change must be approved by the legislative appropriation process.

Should any change occur that is not within the above described limitations, legal compliance is not achieved.

The State utilizes encumbrance accounting for budgetary control purposes. Obligations incurred for goods or services that have not been received or rendered may be recorded to reserve that portion of the applicable fund balance.

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**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 1999**


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The State uses cash basis records as the basis for the preparation of the State's legally adopted annual budget or legal basis, even though encumbrances are allowed for budgetary control purposes. The legal basis emphasizes accountability and the budgetary control of appropriations. The State issues a separate Legal Basis Financial Report which demonstrates legal compliance with the budget. A copy of this report may be obtained by contacting the Office of the State Controller, P.O. Box 83720, Boise, Idaho, 83720-0011.

The seven district health departments in the State are supervised by boards that are appointed by the County Commissioners of the counties served. They function as separate legal entities and are fiscally independent. Therefore, they are not included in the State's reporting entity either as part of the primary government or as component units. Although they are not financially dependent upon the State, the Legislature appropriates funds for the district health departments. For that reason, they are included in the budgetary Legal Basis Financial Report. Below is the reconciliation from the Legal Basis Financial Report, Summary Schedule of Current Year Appropriations and Expenditures Including Prior Year Encumbrances by Fund Type, by Program-Budgetary Basis, to the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual (Budgetary Basis)-General Fund and Special Revenue Funds (included in this report) for transfers made from the General Fund to the district health departments:

	<b>Total</b>	
	<b>Adjusted Budget</b>	<b>Actual</b>
General Fund Expenditures (Legal Basis)	\$1,923,141,812	\$1,773,777,914
Transfers to District Health Departments	8,272,700	8,272,700
General Fund Expenditures (CAFR)	<u>\$1,931,414,512</u>	<u>\$1,782,050,614</u>

As shown in the Legal Basis Financial Report, revenues are generally recognized when cash is received. Expenditures are recorded when the related cash disbursement occurs. Encumbrances are not recognized as expenditures but reduce available spending authority.

Throughout Idaho Code, the Legislature has established continuous or perpetual appropriations for certain funds and programs. No annual amount of appropriation is determined during the legislative session. Expenditures are allowed to the extent they are made with available cash.

As part of the budgetary process, agencies may request additional (positive supplemental) appropriations for the current year, which may be granted under the authority of the Legislature. If it is anticipated expenditures may exceed available cash, Idaho Code, Section 67-3512, provides authorization to reduce a portion of the General Fund appropriation by the State Board of Examiners (upon investigation and report by the Division of Financial Management) or by the Legislature. Furthermore, Idaho Code, Section 67-3512A, provides for a temporary reduction of spending authority by Executive Order of the Governor. When this occurs, it is recorded in the accounting system as a negative supplemental appropriation. See Note 2 for a Supplemental Appropriations schedule.

At fiscal year end, unexpended appropriation balances normally revert to unreserved fund equity balances and are available for future appropriations. However, they can also be reappropriated as part of the spending authority for the future year or they can be carried forward to subsequent years as outstanding encumbrances, with the approval of the Division of Financial Management.

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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Revenues are not budgeted for any funds. For financial reporting purposes, the budget columns for revenues on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance–Budget and Actual are reflected as being equal to actual revenues for all revenue categories.

**G. Assets and Liabilities**

**Cash Equity with Treasurer**

Cash Equity with Treasurer represents each fund's interest in an internal investment pool maintained by the State Treasurer. Cash balances of most state funds are pooled and invested by the State Treasurer. Interest earned on pooled cash is allocated to the internal service funds, the expendable trust fund, and certain special revenue funds when so directed by law. All earnings not otherwise allocated are General Fund revenue. Collateral, as further discussed in Note 3, is pledged by the various banks and securities dealers to secure state funds. As an exception to the above policy, certain organizations within the State's reporting entity have independent powers to manage and invest their own cash.

**Cash and Cash Equivalents**

Cash and Cash Equivalents consist of bank accounts, petty cash, and short-term investments. Cash equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

**Investments**

The State Treasurer handles investments of state funds and funds of other qualified entities within the State, in accordance with Idaho Code, Title 67, Chapter 12. Allowed investments include bonds, treasury bills, interest bearing notes, other obligations of the United States, obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest, general obligation or revenue bonds of the State, or any county, city, or metropolitan water district, municipal utility district or school district of this state or of the institutions of higher education of this state, notes, bonds, debentures, or other similar obligations issued by the farm credit system, bonds, debentures and other obligations of any federal home loan bank board or the federal national mortgage association, and any other obligations issued or guaranteed by agencies or instrumentalities of the government of the State of Idaho or of the United States; money market funds whose portfolios consist of any allowed investment specified in Idaho Code Section 67-1210; funds of any public agency invested pursuant to joint exercise of powers agreements; and bonds, debentures or notes of any corporation organized, controlled and operating within the United States which have, at the time of their purchase, an A rating or higher by a commonly known rating service; funds of any prime banker's acceptances and prime commercial paper, sales and repurchase of call options and securities lending agreements, registered warrants, tax anticipation bonds and notes, income and revenue anticipation bonds and notes, time deposits, share and savings accounts within the State of Idaho, public corporation notes, bonds, debentures, and repurchase agreements.

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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In accordance with GASB Statement 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, the State reports certain investments at fair value rather than at cost and the external portion of the State's external investment pool is reported in an investment trust fund at fair value.

The Public Employee Retirement System of Idaho (PERSI) is permitted to make investments in accordance with the Idaho Uniform Prudent Investor Act, Sections 68-501 through 68-514 of the Idaho Code. PERSI invests in domestic equities, international equities (including international hedges), fixed income investments, real estate and real estate investment trusts, mortgages, and certain other short-term investments. These investments are recorded at fair value.

Certain other entities are also responsible for their own investments.

**Accounts Receivable, Net**

Accounts receivable in governmental and fiduciary funds primarily consist of timber sales (which are recorded when earned), taxes subject to accrual--mainly sales taxes and income taxes, and public assistance receivables which represent amounts billed to other health care providers by the Department of Health and Welfare. Other receivables include amounts collectible for investments sold, as well as contributions receivable in the pension trust funds. Proprietary fund receivables occur as part of the ordinary course of business. Transportation receivables consist mainly of gas taxes receivable. The college and university fund receivables include money due for tuition, fees, loans, and accrued interest income. See Note 6 for an Accounts Receivable schedule.

**Due From/Due To Other Funds**

During the course of operations, numerous transactions occur between individual funds within the State for goods provided or services rendered. These receivables and payables are classified as Due From Other Funds and Due To Other Funds, respectively, on the balance sheet. With the exception of intrafund operating transfers, no eliminating entries have been made for transactions occurring between funds. See Note 7 for a Due From/Due To Other Funds schedule.

**Due From Other Entities**

The amounts reflected as Due From Other Entities are comprised mainly of federal grant revenues receivable.

**Deferred Bond Financing Costs**

Deferred Bond Financing Costs consist of the costs incurred related to bond issuance. These costs are capitalized and amortized over the term of the bonds using the straight-line method.

**Notes and Mortgages Receivable, Net**

Long-term receivables are reported as Notes and Mortgages Receivable.

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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**Grand Prizes Receivable/Payable**

Grand Prizes Receivable/Payable consist of the annuities purchased to settle State Lottery grand prize obligations. See Note 16 for a schedule of Grand Prize Obligations.

**Other Assets**

Other Assets include prepaid expenses, inventories, advances to sub-grantees, interest receivable, assets in liquidation, non-cash assets, and other miscellaneous items.

Prepaid expenses shown in the proprietary fund types represent amounts paid in the current period for goods or services which will benefit future periods. Prepaid expenses include rent, insurance, postage, and telephone charges. Prepaid expenses for the fiduciary fund types relate to warrants issued for retirement benefits prior to the due date, so that beneficiaries will receive payment on the due date.

Proprietary fund type inventories of supplies and materials are stated at cost, which approximates market, generally using the first-in, first-out method. No inventories are included for governmental fund types. Supplies and materials, which might be held in inventory for governmental funds, are recorded as expenditures at the time of purchase.

**Fixed Assets, Net**

Fixed Assets include land, building and improvements, improvements other than buildings, book volumes and collections, machinery and equipment, furniture, vehicles, construction in progress, assets under capital lease, and depreciation, when applicable.

Fixed Assets used in governmental fund type operations are recorded as expenditures in the governmental funds and related assets are recorded in the General Fixed Assets Account Group. Assets in the General Fixed Assets Account Group are not depreciated.

Fixed Assets held in the proprietary and similar trust fund types are valued in the same manner as those held in the General Fixed Assets Account Group and are depreciated on a straight-line basis over their estimated useful lives.

A more detailed description and schedules reflecting the changes in the State's general fixed assets and the proprietary fixed assets by function and activity, as well as by class and source, can be found in Note 8.

**Amount Available for Debt Service**

Debt service transactions and related cash balances are reported in the Special Revenue funds with a reservation of fund balance for debt service related to the Idaho Building Authority.

**Amount to be Provided for Long-term Debt**

Amount to be provided for long-term debt is the amount to be provided for repayment of general long-term debt.

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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**Amount to be Provided for Capital Leases**

Amount to be Provided for Capital Leases is the present value of the minimum lease payments and is part of the General Long-Term Debt Account Group.

**Accounts Payable and Other Liabilities**

Accounts Payable and Other Liabilities consists of accrued accounts payable, taxes payable, outstanding checks and warrants, contingent liabilities, unclaimed property, and other accrued liabilities.

Accounts payable represents amounts due for goods or services received but not paid for at June 30, 1999.

Taxes payable represent the amounts deducted from employees' salaries and those amounts contributed by the State for social security, federal taxes, and state taxes not yet paid. Also included are sales or other taxes collected by state agencies but not remitted to the State Tax Commission or to other states.

**Payroll and Compensated Absences Payable**

Payroll and Compensated Absences Payable includes accrued payroll payable, vacation and compensatory time earned but not paid, and sick leave balances to pay health insurance benefits for retired employees. Accrued payroll payable includes salaries and benefits earned but not paid as of the fiscal year end.

Employees earn vacation based on hours worked and compensatory time based on hours worked in excess of forty hours per week. Upon termination of employment, an employee is paid for unused vacation time and earned administrative leave. All employees covered by the Fair Labor Standards Act are paid compensatory balances at termination.

Employees earn sick leave hours based on hours worked. Sick leave hours are expensed when used. Upon termination, employees are not paid for unused sick leave. However, upon retirement, 50 percent of an employee's unused sick leave value (not to exceed 336 hours) is used by the Public Employee Retirement System of Idaho to purchase health insurance for the retiree. As explained in Note 10, the State funds a portion of its sick leave compensated absences liability and the funded portion is shown in the General Fund.

Compensated absence liabilities related to governmental funds are recorded in both governmental funds and the General Long-Term Debt Account Group. The portion of the liability expected to be funded by current available resources is recognized in the governmental fund. The portion of the liability that is not expected to be funded by current available resources is recognized in the General Long-Term Account Group. For all other fund types, all portions of the compensated absence liability other than sick leave are recorded as individual fund liabilities.

As of June 30, 1999, the total value of vacation and compensatory time accrued by employees in the governmental funds and the General Long-Term Debt Account Group was \$9,095,116 and \$28,479,396, respectively. The funded sick leave liability, recorded in the General Fund, is

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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\$40,713,544. An unfunded sick leave liability, in the amount of \$6,600,000, is classified as General Long-Term Debt.

**Deposits**

In the course of normal operations, a fund may hold cash or other assets of an individual or entity as a deposit until certain conditions of an agreement are met, at which time the asset is returned to the owner. Occasionally, the owner will default on the conditions and the asset held as a deposit becomes the property of the State and is recorded as revenue at that time.

**Due To Other Entities**

Due to Other Entities primarily represents amounts collected from the federal government but not disbursed to subgrantee governmental units.

**Deferred Revenue**

Deferred revenues arise when potential revenue does not meet the “available” criterion for recognition in the current period and when resources are received by the government before it has a legal claim to them, e.g., when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when the revenue recognition criterion is met or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

**Notes, Bonds, and Contracts Payable**

Notes, Bonds, and Contracts Payable consist of notes and bonds issued for the construction or acquisition of facilities; for funding various projects; for contracts payable; and for contract retentions that are a percentage of payments owed to the contractors that are withheld until the construction projects reach a certain stage of completion. See Note 15 for further information on Notes, Bonds, and Contracts Payable.

**Policy Claim Liabilities**

Policy Claim Liabilities relate to the Petroleum Clean Water Trust Fund, the Risk Management Fund, and the Group Insurance Fund. A liability for a claim is established if information indicates it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated based on the estimated ultimate cost of settling the claim, considering the effects of inflation, recent claim settlement trends, including frequency and amount of pay-outs, and other economic and social factors. Claim liabilities include any specific, incremental claim adjustment expense. Any material estimated recoveries are deducted from the liability for unpaid claims.

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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**Capital Leases**

Capital Leases are lease contracts entered into by the State that are in substance a purchase. Lease commitments are discussed further in Note 14.

**H. Fund Equity**

Contributed capital is recorded in the internal service funds, which have received fixed assets and cash from donations and other funds.

Reservations of fund balances and retained earnings identify assets that are not available for subsequent year appropriations.

Designations represent portions of unreserved fund equity that reflect tentative management plans or intent for financial resource utilization in a future period. See Note 18 for a Fund Equity schedule.

**I. Total (Memorandum Only)**

Total columns on the financial statements are captioned "Total-Memorandum Only" to indicate they are presented only to facilitate financial analysis. The total column represents an aggregation of the combined financial statement fund types. These amounts are not comparable to a consolidation and do not represent the total resources available for use by the State. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 2. SUPPLEMENTAL APPROPRIATIONS**

Below is the Supplemental Appropriations schedule for the year ending June 30, 1999. Supplemental Appropriations include additional appropriations for the current fiscal year and appropriations for the following fiscal year that can be used early due to an emergency. Negative appropriations represent an amount reduced by the Governor, the Board of Examiners (upon investigation and report by the Division of Financial Management), or the Legislature.

**Supplemental Appropriations**

General Fund	\$28,208,700
Special Revenue Funds	
Fish and Game	307,900
Regulatory	124,600
Transportation	21,203,900
Miscellaneous	893,700
Internal Service Fund	
General Services	(400,000)
<b>Total</b>	<b><u>\$50,338,800</u></b>

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

**NOTE 3. CASH, CASH EQUIVALENTS, AND CASH EQUITY WITH TREASURER**

**Authority for cash and investments:** The State maintains a cash and investment pool that is available for use by all funds. The pool includes cash and other investments. The State Treasurer is the investment officer for the monies on deposit in the State Treasury. Investment policies of the State Treasurer are governed by Idaho Code, Sections 67-1210 and 67-1210A. Each fund's portion of this pool is summarized by fund type on the Combined Balance Sheet in the Cash Equity with Treasurer account.

The State Treasurer maintains an investment pool for local governments. See Note 5 for more information on the External Investment Pool.

**Deposits:** Cash and Cash Equivalents are deposited with nine financial institutions and are carried at cost. Idaho Code does not require collateralization of deposits. The State Treasurer controls the receipt and disbursement of amounts owned by agencies included in the primary government and certain component units other than the Endowment Funds, the Clean Water Petroleum Trust Fund, the State Lottery, the Public Employees Retirement System of Idaho (PERSI), the Potato Commission, the Dairy Products Commission, the Wheat Commission, the State Bar, the Idaho State Building Authority, and some of the college and university funds. Other discretely presented component units control receipt and disbursement of their own funds. The following summary presents the amount of primary government and discretely presented component units' deposits, as of June 30, 1999, by the following categories:

1. Deposits which are insured or collateralized with securities held by the State or its agent in the State's name;
2. Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the State's name; or
3. Deposits which are not collateralized or are collateralized by the pledging financial institution or the pledging institution's trust department or agent, but not in the State's name.

**Primary Government (in thousands)**

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total</u>
Cash, Cash Equivalents, and Cash Equity with Treasurer	\$512,415	\$99,789	\$6,219	\$618,423

**Discretely Presented Component Units (in thousands)**

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total</u>
Cash, Cash Equivalents, and Cash Equity with Treasurer	\$34,550	\$2,477		\$37,027

**Reconciliation of Primary Government Risk Categorized Cash to Cash per Financial Statements (in thousands)**

Cash, Cash Equivalents, and Cash Equity with Treasurer per Risk Categorization	\$618,423
Less: Outstanding Warrants	(53,505)
Plus: Timing Difference	(9)
Idle Pool Cash Included with Investments For Note Disclosure Purposes	678,813
Cash, Cash Equivalents, and Cash Equity with Treasurer per Financial Statements	<u>\$1,243,722</u>

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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**NOTE 4. INVESTMENTS**

**Investments:** The State's investments are classified in three categories of credit risk to give an indication of the level of risk assumed by the State as of the year end. The three categories of credit risk are:

1. Investments that are insured or registered or for which the securities are held by the State or its agent in the State's name;
2. Uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the State's name; or
3. Uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the State's name.

Some investments are made directly by an agency rather than by the State Treasurer. Only a few agencies are authorized to make such investments and then only for specific programs.

All investments are valued in accordance with GASB 31, as described in Note 1. The following summaries identify the level of credit risk assumed by the State and the total fair value of state investments at fiscal year end:

*State of Idaho*
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 1999**
**Primary Government (in thousands)**

<u>Investments</u>	Credit Risk Categories			Fair Value
	1	2	3	
Certificates of Deposit	\$1,982	\$775	\$1,867	\$4,624
Repurchase Agreements	13,132			13,132
US Government Obligations	369,438	25,943	5,594	400,975
US Agency Obligations	1,011,904		123,294	1,135,198
Marketable Securities	4,455,914	178,259	44,977	4,679,150
Corporate Bonds	1,839,803		12,103	1,851,906
Other	223,477			223,477
Risk Classified Investments	<u>\$7,915,650</u>	<u>\$204,977</u>	<u>\$187,835</u>	<u>8,308,462</u>
<u>Investments Not Subject To Classification Due to Their Nature</u>				<u>Fair Value</u>
Pooled Short Term Investment Fund				282,913
Idaho Commercial Mortgages				198,424
Real Estate				75,254
Private Equity				61,194
Mutual Fund Holdings (401K)				14,827
Index Fund and Fixed Income Fund Holdings in Agency Fund				65,951
Total Non-Classified Investments				<u>698,563</u>
Total Investments				<u>\$9,007,025</u>

**Discretely Presented Component Units (in thousands)**

<u>Investments</u>	Credit Risk Categories			Fair Value
	1	2	3	
Repurchase Agreements	\$44,855			\$44,855
Government Obligations	197,090			197,090
US Agency Obligations	76,185			76,185
Other	26,435			26,435
Risk Classified Investments	<u>\$344,565</u>			<u>344,565</u>
<u>Investments Not Subject To Classification Due To Their Nature</u>				
Investment Agreements				81,069
Interest Receivable				2,534
Total Investments				<u>\$428,168</u>

**Reconciliation of Primary Government Risk Categorized Investments to Investments per**  
**Financial Statements (in thousands)**

Investments per Risk Categorization	\$9,007,025
Less: Idle Pool Cash Included with Investments	
for Note Disclosure Purposes	<u>(678,813)</u>
Investments per Financial Statements	<u>\$8,328,212</u>

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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**Repurchase Agreements:** Repurchase agreements are purchases of securities with simultaneous agreements to resell those same securities in the future at the same price plus a contract rate of interest. These investments are made throughout the year for short periods of time.

**Securities Lending Agreements:** Idaho Code, Section 67-1210, authorizes the State Treasurer to invest excess funds, other than endowment funds. The State Treasurer participates in securities lending programs with both the External Investment Pool and Idle Pool funds with broker-dealers and other entities (borrowers) for collateral that will be returned for the same securities in the future. The Treasurer's securities custodian manages the securities lending program. During the year, the custodian loaned US government securities, equity securities, and corporate bonds or notes in return for collateral for cash and government securities. The investments are collateralized at 102 percent of the market and restated to the market value on a daily basis. There are no restrictions on the amount of loans that can be made. Either the State or the borrower can cancel all securities loaned upon demand.

The cash collateral received is invested by the custodian and held in a separate account in the name of the State Treasurer. Cash is only reinvested in repurchase agreements with terms equally matching the actual securities lent. The Treasurer is indemnified for loss due to default on the part of the borrowers and failure to maintain the daily mark-to-market on the loans. At year-end the State Treasurer had no credit risk exposure to borrowers because the collateral exceeded the amount borrowed. There were no loaned securities as of June 30, 1999.

In accordance with Idaho Code, Section 57-722, the Endowment Board engages in securities lending activities, whereby certain securities (U.S. government securities and government issues) are loaned to specific entities. The securities borrower will pay a stated premium to the Endowment Board that will be remitted monthly. At the time the securities are loaned, the Endowment Board receives cash or other collateral. Securities lending collateral is comprised of certain U.S. government issued or U.S. government agency securities and is received valued at the required margin of 102 percent of the market value of the securities loaned. The securities lending agreement requires daily monitoring of the market value of the securities loaned and collateral received with additional collateral obtained as necessary to meet margin requirements.

The Endowment Board is indemnified for fraudulent or negligent acts performed by the Trustee (Key Trust Company National Association and the Bank of New York Corporation), and should loaned securities not be returned as specified, the Trustees would be required to make the Endowment Board whole. As such, credit risk exposure is limited under these transactions. The carrying amount and fair value of the loaned securities from the Public School Endowment Fund were \$143,286,000 and \$150,422,324, respectively, as of June 30, 1999. The carrying amount and fair value of the loaned securities from the Pooled Endowment Fund were \$93,117,459 and \$91,071,597, respectively, as of June 30, 1999.

**Other Investing Activities:** The Public Employee Retirement (System) purchases forward contracts for certain international investments and United States agency-guaranteed collateralized mortgage obligations for the purpose of enhancing liquidity, reducing transaction or other costs, or partially hedging an existing exposure. The System does not incur any costs for forward contracts until the settlement date. Future potential obligations for the forward contracts are not recognized until the contract expiration date.

The System has entered into forward foreign exchange contracts to purchase or sell currency at various dates in the future at a specific price. The value of foreign currency to be purchased or sold fluctuates continuously. As such, it is possible that the foreign currency market price at the specified time to

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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purchase or sell may be lower than the price at which the System is committed to buy or sell. The System could sell the forward contract at a loss, or if it were to continue to hold the contract, the System may make a termination payment to the counterparty to cancel its obligation under the contract and then buy the currency on the open market. The System is also exposed to the failure of the counterparty to fulfill the contract. The terms of the contract include provisions for recovering the cost in excess of the guaranteed price from the counterparty should the System have to purchase currency on the open market. Unrealized gains of \$28,404,985 at June 30, 1999, were recognized, which represents the gain that would occur from executing forward foreign exchange contracts at June 30, 1999.

In accordance with investment laws, the Endowment Board engages in sales (writing) of call options to increase yield for certain securities that are owned. These options are usually outstanding for periods of one week to one month and the Endowment Board receives cash for the sale of the call. During the time the options are outstanding, the Endowment Board is exposed to market risk, or the risk of changes in interest rates. As interest rates decrease and bond prices increase to or above the exercise price as specified in the option, the security could be called, and the Endowment Board would be forced to sell the security at the call price, giving up the potential yield on the security. If the bond is called, and the Endowment Board does not want to lose the security, they will buy back the call option at a loss. For the year ended June 30, 1999, the Endowment Board recognized no gain on the sale of covered call options. At year end the Endowment Board had no outstanding call options.

The Endowment Board also invests in collateralized mortgage obligations. These securities are based on cash flows from principal and interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates.

Boise State University invests in interest-only U. S. Treasury strips (a derivative) to maximize yields. These investments are based on cash flows from interest payments on underlying U.S. Treasury Securities. The underlying securities are guaranteed by the U.S. Government and do not present the same level of risk as do other forms of derivatives.

## **NOTE 5. EXTERNAL INVESTMENT POOL**

### **Overview of the State Treasurer's Authority**

Following Idaho Code, Section 67-2328, authorizing the Joint Exercise of Powers, the elected State Treasurer sponsors an investment pool that other Idaho governmental entities (cities, counties, school districts, etc.) can voluntarily place excess funds in to earn higher interest rates. The Joint Exercise of Powers Trust Fund is also referred to as the Local Government Investment Pool. The State Treasurer may also invest State money in the Joint Exercise of Powers Trust Fund. The Treasurer's Office must operate and invest the funds according to its state investment policy for the benefit of the participants. The Pool is not registered with the Securities and Exchange Commission or any other regulatory body.

Investments are converted to fair value at June 30 in accordance with GASB Statement 31. Fair value is defined as the market value (bid) if the investment is traded on a recognized exchange or the value of the investment in a current transaction with a willing buyer other than a forced liquidation sale. Investments were valued through a quoted market price. The Pool operates and reports to participants on an amortized cost basis. Specifically, the Pool distributes earnings to the participants monthly based on their relative participation during the month. Distributed earnings are calculated based on (1) realized gains and losses calculated on an amortized cost basis; (2) interest income; (3) amortization of discounts and premiums on

**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 1999**

a straight-line basis; and (4) administrative expenses. This method differs from the fair value method used to value investments in these financial statements because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair values of the Pool's investments. Thus the participant's share of the Pool is not based on fair value. The Treasurer does not provide any legally binding guarantees to support the value of shares to the participants. No separate reports of the external investment pool have been issued. The assets in these notes will not agree to the asset amounts included in the combining financial statements for the Investment Trust Fund because GASB Statement 31 requires that only the external portion of the investment pool assets be reported in that fund. The internal portion of assets must be reported in the applicable individual fund or component units.

**Summary of Fair Value**  
(in thousands)

<b>Security</b>	<b>Amortized Cost</b>	<b>Fair Value</b>	<b>Purchase Yield</b>	<b>Maturity</b>
Commercial Paper*	\$150,412	\$150,412	5.016% - 6.541%	7/99 - 9/99
Repurchase Agreements*	4	4	5.000%	7/99
United States Treasury Notes	70,310	70,073	2.586% - 5.686%	8/99 - 11/00
Federal Home Loan Bank	96,178	95,094	4.950% - 6.149%	7/99 - 12/03
Federal Home Loan Mortgage Corp.	93,319	92,399	4.861% - 6.007%	8/99 - 1/03
Federal National Mortgage Association	304,812	302,486	4.709% - 6.260%	7/99 - 2/04
Certificates of Deposit*	4,600	4,600	4.713% - 5.550%	7/99 - 4/00
Purchase Accrued Interest*	425	425	0.000%	7/99 - 9/99
<b>Total</b>	<b><u>\$720,060</u></b>	<b><u>\$715,493</u></b>		

\*Represents Cash and Cash Equivalents

All investments for the Joint Exercise of Powers Trust Fund are entirely insured or collateralized with securities held by the Fund or by its agent in the Fund's name. Deposits are not insured or otherwise guaranteed by the State of Idaho.

The administrative costs associated with the Joint Exercise of Powers Trust Fund are paid to the State Treasurer's Office on a monthly basis by a transfer from the Joint Exercise of Powers Trust Fund to the State Treasurer's operating fund.

**Calculation of Increase (Decrease) in Fair Value**

The State uses the aggregate method for determining the increase (decrease) in fair value of the investments in the Joint Exercise of Powers Trust Fund. Below is a schedule showing the decrease in the fair value of investments during fiscal year 1999 (in thousands):

Fair Value at June 30, 1999	\$715,493
Add: Proceeds of Investments Sold in FY 99	7,244,720
Less: Cost of Investments Purchased in FY 99	(7,392,612)
Fair Value at June 30, 1998	<u>(569,500)</u>
Decrease in Fair Value of Investments During FY 99	<u><u>\$(1,899)</u></u>

The following Joint Exercise of Powers Trust Fund condensed financial statements, inclusive of external and internal participants, for the fiscal year ended June 30, 1999, are as follows:

**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 1999**

**Joint Exercise of Powers Trust Fund**  
**Statement of Net Assets**  
**June 30, 1999**  
*(in thousands)*

<b>Assets</b>	
Investments, at Fair Value	\$560,053
Cash and Cash Equivalents	155,441
Interest Receivable to the Pool	7,212
<b>Total Assets</b>	<u>722,706</u>
<b>Liabilities</b>	
Accounts Payable	(3,119)
<b>Total Liabilities</b>	<u>(3,119)</u>
<b>Net Assets Held in Trust for Pool Participants</b>	<u>\$719,587</u>
Net Assets Consist of:	
External Participant Units Outstanding (\$1.00 par)	\$699,272
Internal Participant Units Outstanding (\$1.00 par)	20,788
Undistributed and Unrealized Gains (Losses)	(473)
Total Participant Units Outstanding (\$1.00 par)	719,587
<b>Net Assets Held in Trust for Pool Participants</b>	<u>\$719,587</u>
Participant Net Asset Value, Offering Price and Redemption	
Price per Share (\$719,587/720,060)	<u>\$1.00</u>

**Joint Exercise of Powers Trust Fund**  
**Statement of Operations and Changes in Net Assets**  
**For the Year Ended June 30, 1999**  
*(in thousands)*

<b>Investment Income</b>	
Interest Income	\$34,536
Net Decrease in Fair Value of Investments	(1,899)
<b>Total Investment Income</b>	32,637
<b>Expenses</b>	
Administrative Fees	(147)
<b>Net Investment Income (net increase in net assets as a result of operations)</b>	32,490
<b>Distributions to Participants</b>	
Distributions Paid and Payable	(37,350)
<b>Share Transactions at Net Asset Value of \$1.00 per Share</b>	
Purchase of Units	1,553,581
Redemption of Units	(1,401,081)
Net Increase in Net Assets and Shares Resulting From Share Transactions	152,500
Total Increase in Net Assets	147,640
<b>Net Assets Held in Trust for Pool Participants</b>	
Beginning of Period, as Restated	571,947
End of Period	<u>\$719,587</u>

**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 1999**
**NOTE 6. ACCOUNTS RECEIVABLE**

Below is a schedule of Accounts Receivable balances at June 30, 1999:

<b>Accounts Receivable</b>			
<b>Fund</b>	<b>Accounts Receivable</b>	<b>Allowance for Doubtful Accounts</b>	<b>Net Accounts Receivable</b>
General Fund	\$134,269,959	\$14,668,125	\$119,601,834
Special Revenue Funds			
Fish and Game	163,561		163,561
Health and Welfare	8,216,489		8,216,489
Transportation	13,900,753		13,900,753
Federal	17,600		17,600
Regulatory	230,594	21,184	209,410
Agriculture and Natural Resources	2,168,124	8,528	2,159,596
Miscellaneous	1,651,238	285,650	1,365,588
Total Special Revenue Funds	26,348,359	315,362	26,032,997
Enterprise Funds			
Correctional Industries	155,935		155,935
Liquor Dispensary	45,063	3,962	41,101
State Lottery	2,820,118		2,820,118
Total Enterprise Funds	3,021,116	3,962	3,017,154
Internal Service Funds			
General Services	164,913		164,913
Data Processing Services	9,576		9,576
Group Insurance	216		216
Risk Management	608,096		608,096
Total Internal Service Funds	782,801	0	782,801
Fiduciary Funds			
Unemployment Compensation	31,006,057	1,246,791	29,759,266
Endowment Fund	4,193,401		4,193,401
Public Employees Retirement System	12,599,536		12,599,536
Firemen's Retirement Fund	546,281		546,281
Judges' Retirement Fund	166,971		166,971
Sick Leave/Insurance Reserve Fund	724,963		724,963
Total Fiduciary Funds	49,237,209	1,246,791	47,990,418
Colleges and Universities	43,896,604	546,962	43,349,642
<b>Total Reporting Entity</b>	<b>\$257,556,048</b>	<b>\$16,781,202</b>	<b>\$240,774,846</b>

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**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 1999**


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**NOTE 7. DUE FROM/DUE TO OTHER FUNDS**

Below is a schedule of the Due From/Due To Other Funds balances at June 30, 1999:

**Due From/Due To Other Funds**

<b>Fund</b>	<b>Due From Other Funds</b>	<b>Due To Other Funds</b>
General Fund	\$491,107	\$746,275
Special Revenue Funds		
Fish and Game	8,995	41,210
Health and Welfare	9,202	828,282
Transportation	25,544	330,148
Federal	231,216	419,814
Regulatory	33,642	115,120
Agriculture and Natural Resources		261,418
Miscellaneous	139,830	53,805
Total Special Revenue Funds	448,429	2,049,797
Enterprise Funds		
Correctional Industries	473,868	2,963
Liquor Dispensary		64,704
Total Enterprise Funds	473,868	67,667
Internal Service Funds		
General Services	788,539	209,640
Data Processing Services	835,858	20,977
Group Insurance	8	1,342
Risk Management	206,864	148,975
Total Internal Service Funds	1,831,269	380,934
Colleges and Universities	13,076,456	13,076,456
<b>Total Reporting Entity</b>	<b>\$16,321,129</b>	<b>\$16,321,129</b>

**NOTE 8. FIXED ASSETS**

Fixed assets used in governmental fund type operations are recorded as expenditures in the governmental funds and as assets in the General Fixed Assets Account Group at cost or estimated historical cost, if actual cost is not available. Fixed assets include the purchase price or construction cost plus interest of self-constructed assets. Donated fixed assets are recorded at the estimated fair market value at the date of donation. Assets in the General Fixed Assets Account Group are not depreciated.

Fixed assets held in the proprietary and similar trust fund types are valued in the same manner as those held in the General Fixed Assets Account Group. For all major asset classes, the fixed assets of these funds are depreciated on a straight-line basis over their estimated useful lives.

Buildings and improvements, machinery and equipment, and improvements other than buildings are depreciated using the following schedule:

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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<u>Assets</u>	<u>Years</u>
Buildings	30-40
Improvements Other Than Buildings	5-40
Machinery, Equipment and Other	5-30

Assets with a cost of \$5,000 or greater and a useful life of more than two years are capitalized. Interest incurred during construction is capitalized.

Land is recorded at historical cost or fair market value at date of acquisition. In cases where historical cost is not available, land is valued using comparables indexed forward or backward with the consumer price index (CPI). Donated land is valued at estimated fair value at its donation date. Federal grant land is valued at one dollar per acre.

Public domain general fixed assets or infrastructure, e.g., freeways, bridges, sidewalks and other assets that are immovable and of value only to the State, are not capitalized or reported. The cost of land associated with infrastructure is not included in the financial statements.

The college and university funds account for fixed asset acquisitions at cost. Construction projects are included in the plant fund while the project is being constructed. These funds capitalize interest expenditures during construction but do not record depreciation.

The following schedules present changes in the State's general fixed assets by function and activity, as well as by class and source:

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

**Schedule of Changes in General Fixed Assets by Function and Activity**

<u>Function and Activity</u>	<b>General Fixed Assets June 30, 1998 (as adjusted)</b>	<b>Additions</b>	<b>Deletions</b>	<b>General Fixed Assets June 30, 1999</b>
General Government:				
Executive Administration	\$996,287	\$116,609	\$49,506	\$1,063,390
Financial Administration	208,093	41,607	24,266	225,434
Tax Administration	3,703,911	1,062,775	593,691	4,172,995
Legal Administration	683,727	23,758	81,242	626,243
Legislative	579,862	218,988	109,332	689,518
Other Internal Operations	22,651,331	2,566,415	239,023	24,978,723
Public Safety and Corrections:				
Court System	1,510,494	32,029	17,000	1,525,523
Police Services	15,508,569	15,673,219	1,937,583	29,244,205
Civil Defense	10,496,956	1,919,221	669,373	11,746,804
Adult and Juvenile Corrections	103,306,906	41,090,585	531,490	143,866,001
Agriculture and Economic Development:				
Employment and Rehabilitation	18,336,384	4,385,332	741,490	21,980,226
Economic Development	626,664	30,203	71,686	585,181
Business and Professional Regulation	11,237,395	1,420,441	488,826	12,169,010
Natural Resources:				
Natural Resources and Recreation Management	178,958,885	9,100,039	3,565,799	184,493,125
Energy Management	14,000	0	0	14,000
Environmental Health	1,218,150	267,703	12,666	1,473,187
Health:				
Physical Health	3,172,624	31,840	7,052	3,197,412
Mental Health	18,949,332	651,249	230,857	19,369,724
Medical Assistance	606,698	0	110,036	496,662
Institutional and Residential Care	49,325,730	406,327	222,980	49,509,077
Public Education:				
Education Policy Development	62,467	0	0	62,467
Elementary and Secondary Education	11,957,120	391,812	128,481	12,220,451
Higher Education	11,261	0	11,261	0
Vocational Education	110,700	54,038	33,455	131,283
Cultural Affairs	15,977,452	3,262,212	655,497	18,584,167
Human Services:				
Individual Income Assistance	1,689,791	223,137	354,585	1,558,343
Other Social Services	2,241,149	83,604	207,934	2,116,819
Transportation:				
Capital Budget	118,152,850	9,725,977	11,483,620	116,395,207
Highways	85,827,711	14,401,471	3,431,728	96,797,454
Aeronautics	1,008,901	841,517	183,652	1,666,766
Other Transportation	356,980	223,163	57,150	522,993
<b>Total General Fixed Assets</b>	<b>\$679,488,380</b>	<b>\$108,245,271</b>	<b>\$26,251,261</b>	<b>\$761,482,390</b>

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999

Schedule of Changes in General Fixed Assets by Class and Source

<u>Class</u>	<b>General Fixed Assets June 30, 1998 (as adjusted)</b>	<b>Additions</b>	<b>Deletions</b>	<b>General Fixed Assets June 30, 1999</b>
Land	\$140,338,370	\$2,322,146	\$1,604,835	\$141,055,681
Buildings and Improvements	302,918,974	57,310,100	11,969,209	348,259,865
Construction in Progress	43,686,973	14,206,736	886,187	57,007,522
Improvements Other Than Buildings	6,951,740	935,472	101,098	7,786,114
Machinery and Equipment	180,900,892	33,276,501	11,579,225	202,598,168
Capital Leases	4,691,431	194,316	110,707	4,775,040
<b>Total General Fixed Assets</b>	<b>\$679,488,380</b>	<b>\$108,245,271</b>	<b>\$26,251,261</b>	<b>\$761,482,390</b>
<u><b>Funding Source</b></u>				
General Fund	127,219,286	22,957,791	3,777,182	146,399,895
Special Revenue Funds	552,269,094	85,287,480	22,474,079	615,082,495
<b>Total General Fixed Assets</b>	<b>\$679,488,380</b>	<b>\$108,245,271</b>	<b>\$26,251,261</b>	<b>\$761,482,390</b>

Schedule of Proprietary, Fiduciary and Component Unit Fixed Assets

	<b>Primary Government</b>				<b>Component Unit Proprietary Funds</b>
	<b>Enterprise Funds</b>	<b>Internal Service Funds</b>	<b>Trust and Agency</b>	<b>Colleges and Universities</b>	
Land	\$297,943		\$2,346,176	\$18,915,819	\$664,963
Buildings and Improvements	1,782,593	\$1,074,799	5,391,692	536,572,463	6,062,114
Construction in Progress				36,076,361	
Improvements Other Than Buildings	251,229				
Machinery and Equipment	11,960,623	11,204,475	3,903,000	288,598,045	5,931,728
Accumulated Depreciation	(6,515,256)	(7,851,529)	(1,528,723)		(3,601,015)
Capital Leases	2,500,000	1,032,416		7,481,150	
<b>Total Fixed Assets</b>	<b>\$10,277,132</b>	<b>\$5,460,161</b>	<b>\$10,112,145</b>	<b>\$887,643,838</b>	<b>\$9,057,790</b>

NOTE 9. RETIREMENT PLANS

Summary of Plans

The State maintains a number of different retirement plans. The Public Employee Retirement System of Idaho (PERSI) administers the Public Employee Retirement System of Idaho Plan, the Firemen's Retirement Plan, and the Idaho Super Saver – 401(k) Plan. The Idaho Judicial Department, under the direction of the Idaho Supreme Court, administers the Judges' Retirement Fund. The Idaho State Board of Education administers an Optional Retirement Plan for the colleges and universities. The Idaho

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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Department of Labor administers a Closed Retirement Plan for employees of the Idaho Department of Labor hired prior to October 1, 1980. Each of these plans is discussed individually below.

***Public Employee Retirement Fund/Policemen's Retirement Fund (PERSI Plan)  
and Firemen's Retirement Fund (FRF)***

**Plan Description**

*Organization and Purpose*

The Public Employee Retirement Fund/Policemen's Retirement Fund (PERSI Plan) and Firemen's Retirement Fund (FRF) are both cost-sharing, multiple-employer defined benefit retirement plans. The Public Employee Retirement System of Idaho (the System) administers both of these plans. A retirement board, appointed by the Governor and confirmed by the State Senate, manages the System, which includes selecting the funding agents and establishing funding policy. Statutes governing the PERSI Plan are Idaho Code, Title 59, Chapter 13 and Title 50, Chapter 15. Statutes governing FRF are Idaho Code, Title 72, Chapter 14.

*Membership*

State agencies and school districts are employer members of the PERSI Plan. Political subdivisions, such as county and city governments; water, sewer and health districts; hospitals; libraries; and fire districts contribute to the PERSI Plan and FRF. All state employees not covered by the other plans described below, who normally work more than twenty hours per week and have been employed by an employer member for more than five consecutive months, are covered by the PERSI Plan. As of June 30, 1999, the number of participating employer units in the PERSI Plan was 617 and actual benefit recipients and members in the PERSI plan were:

Retirees and Beneficiaries/Vested Terminated Employees	26,808
Current Active Employees	<u>59,248</u>
Total	<u>86,056</u>

For FRF, as of June 30, 1999, there were 19 participating employer units, consisting of city fire departments, in PERSI. Total employee membership showed 495 retired members or beneficiaries collecting benefits from the FRF and 148 active members.

The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERSI, P.O. Box 83720, Boise, ID 83720-0078.

*Benefits*

The benefit structure for both the PERSI Plan and FRF are based on members' years of service, age, and final compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification or a combination of age plus service. The annual service retirement allowance was 1.917 percent (2.225 percent for police and firefighters) at June 30, 1999, for each month of credited service, of the average monthly salary for the highest consecutive 42 months.

The benefit payments for both the PERSI Plan and FRF are calculated using a benefit formula adopted by the Idaho Legislature. The System is required to provide a 1 percent minimum cost of living increase per

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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year provided the Consumer Price Index increases 1 percent or more. The Retirement Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6 percent, whichever is less; however, any amount above the 1 percent minimum is subject to approval by the Idaho Legislature. The cost of living increase for the FRF is based on the increase in the statewide average firefighters' wage.

The FRF covers a closed group of firefighters who were hired before October 1, 1980, and who receive benefits in addition to those provided under the PERSI Plan.

**Summary of Significant Accounting Policies**

The System's basic financial statements of the pension funds are prepared on the accrual basis of accounting. For the financial statements of the pension funds, employee and employer contributions are recognized as revenues in the period in which employee services are performed, investment income is recognized when earned, and benefit payments, refunds, and other expenses are recorded when incurred. The pension funds are accounted for on a flow of economic resources measurement focus. The PERSI Plan adheres to Statement No. 25 of the Governmental Accounting Standards Board (GASB No. 25), Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans.

The System's investments are presented at fair value. Purchases and sales are recorded at the trade date. Investments held by PERSI and FRF are commingled. The fair value of investments is based on published market prices and quotations from major investment brokers when available. Mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments. The fair value of real estate investments has been estimated based on independent appraisals. Short-term investments are reported at market value when published market prices and quotations are available or at cost plus accrued interest, which approximate market value.

**Funding Policy**

*Contributions and Vesting*

The System's funding policy for the PERSI Plan and FRF, as defined by Idaho law, provides for periodic employer contributions at actuarially determined rates, expressed as percentages of annual covered payroll are sufficient to accumulate assets to pay benefits when due. Level percentage of payroll employer contribution rates are determined using the Entry Age Actuarial Cost Method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age. The System amortizes the unfunded liability based on a level percentage of payroll. The maximum amortization period permitted under Idaho Code, Section 59-1322, is 25 years. The payroll for employees covered by the PERSI and FRF was approximately \$1,734,000,000 and \$31,000,000, respectively.

The State's PERSI Plan contributions required and paid were \$59,534,906, \$58,152,823, and \$62,194,310, for the years ended June 30, 1999, 1998, and 1997, respectively.

Actuarial valuations of the PERSI Plan are performed annually. The last valuation of the PERSI Plan was performed as of July 1, 1999. Actuarial valuations of the FRF are performed biennially. The last FRF valuation was performed as of July 1, 1998.

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**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 1999**


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Normal cost is 14.32 percent of covered payroll and the amount available to amortize the unfunded actuarial liability is 1.59 percent of covered payroll for the PERSI Plan. There is no normal cost associated with FRF and all contributions to FRF are available to reduce the unfunded actuarial liability.

At November 1, 1997, the Board temporarily reduced contribution rates by an aggregate total of 3 percent. At November 1, 1998, the Board made a 1 percent permanent rate reduction and a 2 percent temporary rate reduction through October 31, 1999. At September 28, 1999, the Board extended the 2 percent temporary rate reduction through October 31, 2000. The contribution rates for the year ended June 30, 1999, are as follows:

<u>Employee Group</u>	<u>Employer</u>	<u>Employee</u>
PERSI		
General	9.77%	5.86%
Police and Fire	10.01%	7.21%
ORP Employees of Higher Education:		
Colleges and Universities	3.03%	N/A
Junior Colleges	3.83%	N/A

FRF employer and employee contribution rates for firemen hired before October 1, 1980, are 25.89 percent and 4.24 percent, respectively, in addition to the PERSI Plan Police and Fire rates shown above. The employer contribution rate for firemen hired after October 1, 1980, is 17.24 percent, in addition to the PERSI Plan Police and Fire rates shown above.

**Firemen's Retirement Fund**  
**Employer Contributions (Dollars in Millions)**

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<b>Year Ended June 30</b>	<b>Annual Required Contribution</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributions</b>
1997	\$9.45	15.40%	79.2%
1998	9.45	17.24	84.7
1999	8.64	17.24	99.1

After five years of credited service (five months for elected or appointed officials), members become fully vested in retirement benefits earned to date. Upon termination of employment, accumulated member contributions plus interest, accrued at 4.75 percent (5.25 percent prior to January 1, 1999) compounded monthly per annum, are refundable. Withdrawal of such accumulated contributions results in forfeiture of the member's accrued benefit; however, state law does include provisions for reinstatement of forfeited service upon repayment of the accumulated contributions plus interest.

*Funding*

Contributions from members, employers, and earnings from investments fund the PERSI Plan and FRF benefits. Additional FRF funding is obtained from receipts from a fire insurance premium tax. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined, by state law, as a percentage of the employer contribution rate. Employer contribution rates are recommended by periodic actuarial valuations and are subject to the approval of the Retirement

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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Board and set forth in state statute. Valuations are based on actuarial assumptions, the benefit formulas, and employee groups of the PERSI Plan and FRF.

Costs of administering the plans are financed through the contributions and investment earnings of the System.

***Idaho Super Saver–401(k) Plan***

*Organization and Purpose*

The Idaho Super Saver – 401(k) Plan is a qualified 401(k) defined contribution pension plan, open to all employees of the State of Idaho. Statutes governing this Plan are Idaho Code, Title 59, Chapter 13. The Plan is organized to provide investment management services to state employees.

The administrator of this Plan is the Public Employee Retirement System of Idaho (the System). The System has entered into a contract with Scudder, Stevens & Clark, Inc. (Scudder), the Plan custodian and recordkeeper, for services relating to nine investment options managed by Scudder. These options include a U.S. Treasury Money Mutual Fund, an Income Mutual Fund, a Balanced Mutual Fund, and six equity mutual funds. Participants direct their investment mix without restriction and may elect to change their salary deferral every pay period.

No retirement plan provisions changed during the year that affected the employees' selected contributions.

*Membership*

As of June 30, 1999, the Plan had 88 employer units eligible to have participating employees and 2,797 actual participants in the 401(k) Plan.

*Benefits*

Benefits depend solely on amounts contributed to the Plan plus investment earnings. Benefits are payable to participating employees or their beneficiaries in accordance with the terms of the 401(k) contracts. Distributions are allowed for the following: termination of employment, disability, financial hardship, retirement, and death. The financial hardship withdrawal is allowed only for the purposes of paying for college education, extraordinary medical expenses, avoiding eviction, or purchasing a primary home. Employees will be required to pay a 10 percent IRS penalty for "early withdrawal" if they are under the age of 59½ in addition to regular income taxes.

**Summary of Significant Accounting Policies**

The significant accounting policies are the same as PERSI's.

*Contributions*

The 401(k) Plan currently allows participants to make tax-deferred contributions at 1 percent to 23 percent of their gross salary. Participants contributed \$4,431,282 during the year ended June 30, 1999. There are no employer contributions to the Plan.

*Funding*

The administrative expenses of the 401(k) Plan, most of which are paid to Scudder, are funded by the participants of the Plan.

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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***Judges' Retirement Fund (JRF)***

**Plan Description**

*Organization and Purpose*

The Judges' Retirement Fund (JRF) is a single-employer defined benefit retirement plan, which provides retirement benefits for Justices of the Supreme Court, Court of Appeals Judges, and District Court Judges, hereinafter referred to as "members." The Idaho Judicial Department, under the direction of the Idaho Supreme Court, administers the JRF. In its administration and management of investments, the JRF is guided by the Prudent Man Investment Act and the Idaho Code, Sections 68-501 through 68-506. The JRF is also governed in its fiduciary responsibility by the Idaho Code, Section 59-1301, and is empowered in its sole discretion to limit, control, and designate the types and amounts of investments. Statutes governing the JRF are Idaho Code, Title 1, Chapter 20.

The Judges' Retirement Fund issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Idaho Supreme Court, P.O. Box 83720, Boise, ID 83720-0101.

*Membership*

As of June 30, 1999, the JRF had 47 retired members or beneficiaries collecting benefits, 10 terminated members entitled to, but not yet receiving benefits, and 44 active members.

*Benefits*

The benefit structure is based on members' years of service and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members. The benefit payments for the JRF are calculated using a benefit formula adopted by the Idaho Legislature. For the first 10 years of service, benefits are credited at 4 percent per year of members' compensation. For the next nine years of service, benefits are credited at 2½ percent per year of members' compensation. The maximum benefit is 62½ percent of compensation.

**Summary of Significant Accounting Policies**

The JRF's financial statements are prepared using the accrual basis of accounting. Investment income and filing fees are recognized when earned and benefit payments, refunds, and other expenditures are recorded when the obligation is incurred. Member and department contributions are recognized as revenues in the period in which the member's services are performed.

The Fund's investments are presented at fair value. The fair value of investments is based on published market prices and quotations from major investment brokers when available. Short-term investments are reported at market value when published market prices and quotations are available, or at cost plus accrued interest, which approximate market value. Purchases and sales are recorded at the trade date.

**Funding Policy**

*Contributions and Vesting*

Members and the Judicial Department contribute to the JRF during their first 20 years of employment. Member and department contributions are a percentage of member compensation as defined by State law. Contributions provide for department and member contributions at 7 percent and 6 percent, respectively, of annual covered payroll for the year ended June 30, 1999. The payroll for members covered by the JRF

## ***State of Idaho***

### **Notes to the Financial Statements For the Fiscal Year Ended June 30, 1999**

was approximately \$3,787,000. In addition, specified court filing fees in civil court actions are dedicated to the JRF.

Based on the most recent actuarial valuation at July 1, 1999, the Annual Required Contributions (ARC) were \$1,545,000. Total contributions to the pension plan for the fiscal year ended June 30, 1999, amounted to \$1,787,000, of which \$265,000 and \$227,000 were made by the Judicial Department and its justices and judges, respectively. In addition, the JRF received contributions from court filing fees of \$1,294,000. As of the last actuarial valuation, since the state contributions plus the filing fee contributions have been equal to the ARC, the Annual Pension Cost (APC) is equal to the ARC and the Net Pension Obligation (NPO) is zero. There was no change in the NPO from the prior actuarial valuation.

The State's APC and NPO to JRF for the two most recent valuation periods are as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (NPO)
6/30/96	no valuation		
6/30/97	\$1,495,000	100.0%	\$0
6/30/98	no valuation		
6/30/99	\$1,545,000	100.0%	\$0

Members become fully vested in their retirement benefits after four years of credited service. If a member terminates from the JRF prior to four years of service, the member's contributions plus 6½ percent per annum will be returned. Members are eligible for retirement benefits upon attainment of the age 65 or 20 years of service.

#### ***Funding***

The JRF's benefits are funded by contributions from members and the Judicial Department, earnings from investments, and court filing fees.

The funding status and required contribution levels are reviewed periodically by an actuary using the Entry Age Normal Cost Method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age. Actuarial valuations of the JRF are performed biennially. The last valuation was performed as of July 1, 1999.

Costs of administering the JRF are financed through the contributions and investment earnings of the JRF.

#### ***College and University Optional Retirement Plan (ORP)***

##### ***Organization and Purpose***

Effective July 1, 1990, the Idaho State Legislature authorized the Idaho State Board of Education to establish an Optional Retirement Plan (ORP), a defined contribution plan, for college and university faculty and exempt employees. Statutes governing this plan are Idaho Code, Sections 33-107A and 33-107B. Vendor options include Teachers' Insurance and Annuity Association, College Retirement

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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Equities Fund (TIAA-CREF), and Variable Annuity Life Insurance Company. The Plan is administered by TIAA-CREF and they may be reached at (800) 842-2009.

*Membership*

New faculty and exempt employees hired July 1, 1990, or thereafter, automatically enroll in the ORP and select their vendor option. Faculty and exempt employees hired before July 1, 1990, had a one-time opportunity to enroll in the ORP.

*Contributions and Vesting*

The employee contribution requirement for the ORP is based on a percentage of total payroll. Employer contributions are determined by the State of Idaho. Although enrollees in the ORP no longer belong to PERSI, the employer is required to contribute 3.03 percent of the annual covered payroll to PERSI through July 1, 2015. During the year ended June 30, 1999, this supplemental funding payment made to PERSI was \$3,029,000.

The contribution requirement and amount paid for the year ended June 30, 1999, was \$14,672,000, which consisted of \$7,716,000 from the universities and \$6,956,000 from employees. These contributions represented approximately 7.72 percent and 6.97 percent of covered payroll.

Participants are immediately fully vested in the ORP. Retirement benefits are available either as a lump sum or any portion thereof upon attaining 55 years of age.

**Department of Labor's Retirement Plan (LRP)**

There are 140 current participating employees of the Idaho Department of Labor and 373 retired former employees receiving benefits in the Labor's Retirement Plan, which is an insured retirement plan. The Retirement Plan provides retirement benefits for employees of the Idaho Department of Labor hired prior to October 1, 1980. The authorities under which benefits are provided and may be amended are Idaho Code, Section 72-1335 and U.S. Department of Labor Rules and Regulations. The employer payments have been fully funded by Federal revenues from the U.S. Department of Labor.

The required contribution for employees is 7 percent of their annual salary. For the fiscal year ended June 30, 1999, the State of Idaho's contribution rate was .18 percent through the October 2, 1998, pay date and zero percent thereafter. The total employer contribution for fiscal year 1999 was \$2,900. The retirement benefit payments for the Retirement Plan are calculated using a benefit formula established by the Plan. This monthly benefit is payable for life, through an annuity purchased by Prudential Investments, with 120 payments guaranteed. The State has no further liability once the annuity is purchased. Prudential Investments has guaranteed to pay for benefits in the event of Prudential's insolvency. At September 30, 1998 (the last actuarial valuation date), there was no unfunded liability. The normal service retirement allowance is the average annual salary for the highest three consecutive years times the sum of:

1. 1 1/2 percent times each of the first five years of credited service,
2. 1 3/4 percent times each of the next five years of credited service, and
3. 2 percent times each year of credited service in excess of ten years.

According to the latest periodic actuarial valuation on September 30, 1998, the present value of future retirement benefits is \$116,672,000. The average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 7 percent for 1998 and 1999. Net assets available for benefits are \$140,361,000.

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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The Labor Retirement Plan is administered by the Department of Labor, which may be reached at (208) 334-6187.

**NOTE 10. POSTEMPLOYMENT BENEFITS**

The State funds or partially funds two types of postemployment benefits. The authority establishing the benefits and obligations to contribute is found in Idaho Code, Sections 67-5760 and 67-5761. These benefits relate to health, disability, and life insurance and are described below.

**A. Postemployment Benefits Other Than Pensions**

***Retirees Health Insurance Subsidy***

A retired officer or employee of a state agency, department, or institution, including state officials and elected officials, who are eligible to retire under the Public Employee Retirement System of Idaho (PERSI) and whose unreduced PERSI monthly benefit at the time of retirement would meet or exceed the monthly cost of single retiree health insurance coverage, may elect to have the State's retiree health insurance coverage for themselves and eligible dependents. To be eligible, state employees must enroll within sixty days of the date of their retirement and must have ten or more years (20,800 or more hours) of credited state service in a state-sponsored retirement system. If the date of enrollment is deferred beyond the original date of retirement, employees' monthly retirement benefit amount must equal or exceed the single retiree premium at the time of the deferred enrollment.

The retiree coverage is different than that for active employees. The retiree pays the majority of the premium cost (unless they are participating in the sick leave fund described later). However, the retiree plan costs are "subsidized" by the active employee plan. The State contributes four dollars per active non-retired employee per month and the active employees contribute an equal amount, which goes to a reserve to offset the monthly costs of the retirees' benefit. This per active employee amount remains relatively constant from year to year. Other than an aging population, there are no significant matters that affect comparability of the State's costs from one year to the next. For 1999, the State's monthly premium amount of \$72,800 was approximately 4.2 percent of the total annual premium cost of \$1,747,200. The State's annual premium amount of the total premium cost was approximately \$873,600. As of June 30, 1999, 2,745 retired participants were eligible to receive benefits. The Legislature has not set aside any assets to pay future benefits. The benefits are pay-as-you-go.

***Long-term Disability***

Long-term disability benefits are available for disabled employees. Disabled employees are defined as being unable to perform each of the substantial and material duties of the job for which they were hired for the first 30 months of disability, or any job thereafter for which they are reasonably qualified by experience, education, or training. Additionally, to qualify for long-term disability, the waiting period of the later of 26 weeks of continuous total disability or exhaustion of accrued sick leave must be met. The gross benefit equals 60 percent of monthly salary or \$3,000 (whichever is less). The State pays 100 percent of the cost of the program. Each fiscal year, the present value of benefits for disabilities incurred in that fiscal year is funded. In addition, funding for disabilities incurred in prior fiscal years is adjusted to reflect unanticipated changes in number of claimants or benefit levels. Significant actuarial assumptions include an interest rate of 5.75 percent and a standard disability termination table. Plan

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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assets are valued at cost and as of June 30, 1999, the net assets available for future payments were \$12,424,395. Of this amount \$534,395 will be released to cover other reserves. The actuarial accrued liability for disabilities incurred in fiscal year 1999 and all prior years was \$11,890,000 as of June 30, 1999, and the unfunded liability was \$0. The State's actuarially required contribution for the period was 0.352 percent of payroll, and actual contributions for the period were 0.352 percent of payroll. As of June 30, 1999, there were 252 active plan participants.

***Payment of Life Insurance Premiums for Disabled Employees***

The State pays 100 percent of the cost of basic life and dependent life coverage while the employee is out of work. Disabled employees are defined as being unable to perform each of the substantial and material duties of the job for which they were hired for the first 30 months of disability, or any job thereafter for which they are reasonably qualified by experience, education, or training. Each fiscal year, the present value of benefits for disabilities incurred in that fiscal year is funded. In addition, funding for disabilities incurred in prior fiscal years is adjusted to reflect unanticipated changes in number of claimants or benefit levels. Significant actuarial assumptions include an interest rate of 5.75 percent and a standard waiver of premium life table. Plan assets are valued at cost and as of June 30, 1999, the net assets available for future payments were \$4,590,000. The actuarial accrued liability for disabilities incurred in fiscal year 1999 and all prior fiscal years was \$4,590,000 as of June 30, 1999, and the unfunded liability was \$0. The funding for these reserves is built into the premiums paid by the State to the life insurance carrier. As of June 30, 1999, there were 433 active plan participants.

***Payment of Health Insurance Premiums for Disabled Employees***

For up to 30 months following the date of disability, the State pays 100 percent of the State's share of medical/dental premiums while the employee remains disabled. The employee is required to pay the normal contribution, if any, for these benefits. Each fiscal year, the present value of benefits for disabilities incurred in the fiscal year is funded. In addition, funding for disabilities incurred in prior fiscal years is adjusted to reflect unanticipated changes in number of claimants or benefit levels. Significant actuarial assumptions include expected claims of 600 percent of average claims for state employees and a standard disability termination table. Plan assets are valued at cost, and as of June 30, 1999, the net assets available for future payments were \$3,330,000. The actuarial accrued liability for disabilities incurred in fiscal year 1999 and all prior fiscal years was \$3,330,000 as of June 30, 1999, and the unfunded liability was \$0. The State's actuarially required contribution for the period was \$2.66 per employee per month, and actual contributions for the period were \$2.66 per employee per month. As of June 30, 1999, there were 164 active plan participants.

**B. Postemployment Healthcare Benefits Administered by Defined Benefit Pension Plan**

***Sick Leave/Insurance Reserve Fund***

School districts and state agencies provide for the payment of certain postretirement health insurance premiums. The Sick Leave/Insurance Reserve Fund is a postretirement benefit that is not part of a defined benefit plan but is a separate, statutorily provided benefit available to retirees based on unused accumulated sick leave at their retirement date.

The Public Employee Retirement System of Idaho (the PERSI) acts as an agent for this fund on behalf of the employers, who fund the program by remitting a percentage of payroll to PERSI to cover future

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**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 1999**


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insurance premiums. The funds are held in the Sick Leave/Insurance Reserve Fund. The monies are presented in the General Fund for state retirees and in an agency fund for school district retirees. Employers are responsible for any unfunded benefit obligations. The State's portion of the unfunded benefit obligation is presented in the General Long-Term Debt Account Group (GLTDAG). The sick leave/insurance reserve fund assets are valued at market value.

Statutes governing this program are Idaho Code, Sections 67-5339, 33-1216, and 33-1228, which provide for the transferring of amounts from the Sick Leave/Insurance Reserve Fund to a retiree's sick leave account for the payment of postretirement health benefits as may be maintained by the employer.

*School District Retirees* – For school district retirees, the unused sick leave amount available for benefits is based on one-half of their sick leave balance and rate of compensation at retirement.

*State Retirees* – State retirees are allowed to use one-half of their accrued sick leave hours up to the maximums described below:

<u>Credited</u> <u>Hours of State Service</u>	<u>Maximum Allowable</u> <u>Sick Leave Hours</u>
0 - 10,400 (0-5 years of service)	192
10,401 - 20,800 (5-10 years of service)	240
20,801 - 31,200 (10-15 years of service)	288
31,201 + (15 years of service or more)	336

Presented below is pertinent actuarial information from the most recent actuarial valuation dated July 1, 1999:

	<u>State</u>	<u>School Districts</u>	<u>Total</u>
Active Participants	43,017	16,231	59,248
Contributions Required and Paid	\$7,003,932	\$6,852,022	\$13,855,954
Rate of Contribution	.65%	1.15%	
Total Net Assets Available for			
Future Payments	\$40,700,000	\$66,700,000	\$107,400,000
Unfunded Actuarial Liability	\$6,600,000	\$18,300,000	\$24,900,000
Actuarially Accrued Liability	\$47,300,000	\$85,000,000	\$132,300,000

Sick Leave/Insurance Reserve Fund actuarial valuations are performed biennially.

Postretirement health insurance benefits are advance-funded with employer contributions on an actuarially determined basis, using the Entry Age Actuarial Cost Method. Postretirement health insurance premiums are paid from the retiree's sick leave account until the account balance is exhausted.

## **NOTE 11. TAX ANTICIPATION NOTES**

Idaho Code, Title 63, Chapter 32, authorizes the State Treasurer, on approval of the State Board of Examiners, to borrow money in anticipation of income or revenue from taxes. Such borrowing is for the current year only and is limited to no more than 75 percent of the income or revenue which is reasonably anticipated to be collected during the current fiscal year.

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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External Tax Anticipation Notes sold on the open market were issued on July 1, 1998, in the principal amount of \$300,000,000. These notes were redeemed on June 30, 1999. The interest expense incurred and paid was \$13,462,500.

Internal Tax Anticipation Notes (issued by the General Fund to borrow from other available state funds or accounts) were issued in the amount of \$75,000,000 on June 11, 1999, and were redeemed on June 28, 1999. Idaho Code, Section 67-1210, states interest on investments, unless specified by law, shall be deposited to the General Fund. Therefore, in effect, no interest was paid on the Internal Tax Anticipation Notes issued.

**NOTE 12. RISK FINANCING**

The State maintains a combination of commercial and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished through the Risk Management and Group Insurance Funds (Internal Service Funds) and various outside entity insurance providers.

The Risk Management Fund manages property and general liability risk. The Fund also finances and accounts for other risks not covered by the Group Insurance and various outside entity insurance providers. General liability claims are self-insured up to the Idaho Tort Claims Act maximum of \$500,000 for each claim. Property damage claims are self-insured for up to \$250,000 per claim, not to exceed \$750,000 annually. Comprehensive collision and physical damage to covered vehicles are self-insured for replacement cost. The State purchases commercial insurance for claims not self-insured by the above coverages and for all other identified risks of loss, including workers' compensation insurance.

The Group Insurance Fund is used to account for and finance life, health, and disability insurance programs. Long-term disability benefits within Group Insurance are partially insured through others but the majority is self-insured. The liability for self-insurance claims has been actuarially determined. Policy claim liabilities are presented in the Group Insurance Fund and are composed of the liability for self-insured claims and the amounts required to fund premium payments of life and health coverage for disabled employees. Life, short-term disability, and health insurance programs are experience rated and fully insured. However, when the claims exceed 100 percent of the annual premium paid to the insurer, the State is responsible for up to an additional 14 percent of the annual premiums for health and 10 percent of the annual premiums for the life coverage. The insurance carrier assumes the risk of loss for claims above the contractual ceilings. The amount the State is responsible for is accounted for and presented as reserved retained earnings in the Group Insurance Fund. The State also maintains program and premium stabilization balances in the catastrophic event they exhaust reserved equity. These amounts are included in unreserved retained earnings in the Group Insurance Fund.

All state entities may participate in the Risk Management and Group Insurance programs. Payments are made to the Risk Management Fund based on actuarial estimates, loss experience, exposure, and asset value covered. Payments made to the Group Insurance Fund are based on actuarial estimates of the amounts needed to pay for negotiated coverage and projected claims experience. For fiscal years 1997 and 1999, claims settlements for both funds did not exceed insurance coverage; however, during fiscal year 1998, claims settlements exceeded insurance coverage by \$373,557.

The liabilities for the Risk Management and Group Insurance Funds for the State are based on the requirements of the Governmental Accounting Standards Board's Statement 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which requires that a liability for

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**Notes to the Financial Statements**  
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claims be reported if information prior to the issuance of the financial statements indicates that it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities for Risk Management include claim adjustment costs, any anticipated subrogation receipts, and are presented at their present value using a 4.5 percent discount interest rate. The following table presents changes in policy claim liabilities for the fiscal years ending June 30, 1998, and June 30, 1999:

<b><u>Fiscal Year</u></b>	<b><u>Beginning Balance</u></b>	<b><u>Changes in Estimate</u></b>	<b><u>Claims Payments</u></b>	<b><u>Ending Balance</u></b>
Risk Management				
1998	\$11,083,133	\$3,431,758	(\$3,406,459)	\$11,108,432
1999	\$11,108,432	\$6,065,028	(\$2,664,134)	\$14,509,326
Group Insurance				
1998	\$15,200,595	\$5,339,405		\$20,540,000
1999	\$20,540,000	\$(725,400)		\$19,814,600

The state records its premium liability using discounted amounts provided by actuaries. The discounted liabilities take into account anticipated investment income.

**NOTE 13. INTERFUND TRANSACTIONS**

The State does not eliminate interfund transactions but does make eliminating entries for intrafund operating transfers. The State has the following types of interfund transactions:

**Quasi-external Transactions** are charges for services rendered by one fund to another, treated as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

**Reimbursements** of expenditures or expenses made by one fund for another are recorded as expenditures or expenses in the reimbursing fund and as a reduction of expenditures or expenses in the reimbursement fund.

**Operating (Statutory) Transfers** are legally authorized cash transfers reported as operating transfers. Transfers from the General Fund are transfers of appropriated or diverted tax revenues. The following is a schedule of operating transfers:

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**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 1999**


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**Operating Transfers**

<b><u>Fund</u></b>	<b><u>Transfers In</u></b>	<b><u>Transfers Out</u></b>
General Fund	\$952,915,575	\$1,129,981,244
Special Revenue Funds		
Health and Welfare	254,387,882	854,136
Transportation		13,251,026
Federal		119,263
Regulatory		47,111,260
Agriculture and Natural Resources	1,093,096	
Miscellaneous	13,769,600	501,987
Enterprise Funds		
Liquor Dispensary		8,295,000
State Lottery		20,500,000
Internal Service Funds		
General Services	41,005	1,593,242
<b>Total Operating Transfers</b>	<b><u><u>\$1,222,207,158</u></u></b>	<b><u><u>\$1,222,207,158</u></u></b>

**NOTE 14. LEASES****A. State as Lessee**

The State leases office buildings, vehicles, and office/computer equipment. Although the lease terms vary, most leases are subject to annual appropriations from the State Legislature to continue the lease obligations. If a legislative appropriation is reasonably assured, leases are considered noncancelable for financial reporting purposes. Any escalation clauses, sublease rentals, and contingent rents are considered immaterial to the future minimum lease payments and current rental expenditures.

**Operating Leases**

Operating leases are leases for which the State will not gain title to the asset; therefore, the lease agreements are not reflected as assets in the State's balance sheet. They contain various renewal options, as well as some purchase options. Operating lease payments are recorded as expenditures or expenses of the related funds when paid or incurred. The total operating lease expenditures for fiscal year 1999 were \$21,138,661 for the primary government, \$39,272 for component units, and \$53,278 for colleges and universities.

**Capital Leases**

Capital leases are leases the State has entered into that are, in substance, a purchase. At the date of acquisition, the assets are valued on the balance sheet at the present value of the future minimum lease payments. Assets under capital leases originating in governmental funds are recorded in the General Fixed Assets Account Group and are not depreciated. Capital lease obligations for governmental funds are reported in the General Long-Term Debt Account Group. Capital lease assets and obligations for proprietary fund types are recorded in the respective funds as fixed assets and long-term obligations. Interest expense for capital leases is not capitalized in either fund type.

*State of Idaho*

**Notes to the Financial Statements  
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Future minimum lease commitments for noncancelable operating and capital leases as of June 30, 1999, are as follows:

**Future Minimum Lease Commitments**

Fiscal Year	Operating Leases				Capital Leases			
	Primary Government	Component Units	Colleges and Universities	Total Operating Leases	General Long-Term Debt		Colleges and Universities	
					Account Group	Proprietary Funds	Leases	Total Capital Leases
2000	\$17,561,228	\$20,335	\$36,881	\$17,618,444	\$631,651	\$549,081	\$704,695	\$1,885,427
2001	14,335,518		34,581	14,370,099	596,625	367,068	470,638	1,434,331
2002	11,967,515		27,786	11,995,301	440,399	358,910	468,696	1,268,005
2003	9,635,528		14,001	9,649,529	437,930	347,490	465,218	1,250,638
2004	6,687,799		14,001	6,701,800	437,930	347,490	450,867	1,236,287
Thereafter	13,596,898		140,010	13,736,908	7,562,881	4,720,072	5,840,111	18,123,064
<b>Total Payments</b>	<b>\$73,784,486</b>	<b>\$20,335</b>	<b>\$267,260</b>	<b>\$74,072,081</b>	10,107,416	6,690,111	8,400,225	25,197,752
Less: Imputed Interest					6,413,838	4,310,062	3,800,396	14,524,296
<b>Total Present Value of Minimum Lease Payments</b>					<b>\$3,693,578</b>	<b>\$2,380,049</b>	<b>\$4,599,829</b>	<b>\$10,673,456</b>

The schedule below is an analysis of assets under capital leases as of June 30, 1999:

	General Fixed Asset Account Group	Proprietary Funds	Colleges and Universities	Fixed Assets Under Capital Leases
Land	\$321,482			\$321,482
Building	3,000,111	\$2,500,000	\$6,045,000	11,545,111
Machinery and Equipment	844,536	1,032,416	1,436,150	3,313,102
Improvements Other Than Buildings	608,911			608,911
<b>Total Capital Leases</b>	<b>\$4,775,040</b>	<b>\$3,532,416</b>	<b>\$7,481,150</b>	<b>\$15,788,606</b>

**B. State as Lessor**

Non-state parties rent land and buildings from the State under operating leases from the Departments of Health and Welfare, Lands, Parks and Recreation, the Historical Society, and the Lava Hot Springs Foundation. At June 30, 1999, the State leased the following:

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**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 1999**


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<u>Asset Class</u>	<u>Fair Market Value at Date of Acquisition</u>
Land	\$2,016,463
Buildings	345,181
<b>Total</b>	<b><u><u>\$2,361,644</u></u></b>

The Department of Lands participates in a Zero Service Lease. A Zero Service Lease is an operating lease, which the lessee pays the State a market rent for use of the real property with no other services provided by the State. The lessee bears the responsibility for actual operating costs associated with the services necessary to operate the property, with the exception of property damage and casualty insurance which the State maintains as part of the State's risk management program. The actual cost of operating the property does not affect the market rent under the lease. The market rent paid by the lessee is established by an independent appraisal.

The following is a schedule of minimum future rentals for operating leases as of June 30, 1999:

<u>Year Ending June 30</u>	
2000	\$4,088,067
2001	4,027,286
2002	4,065,757
2003	4,111,870
2004	4,120,421
Thereafter	6,740,141
<b>Total minimum future rentals</b>	<b><u><u>\$27,153,542</u></u></b>

Minimum future rentals do not include contingent rentals, which may be received as stipulated in the lease contracts. Contingent rentals amounted to \$115,583 in fiscal year 1999.

## **NOTE 15. BONDS, NOTES, AND CONTRACTS PAYABLE**

### **A. Primary Government and Blended Component Unit**

**The Idaho State Building Authority**, a blended component unit reported as a special revenue fund, issues notes and bonds to finance construction or acquisition of facilities for lease to the State subject to prior legislative approval. Bonds payable, in thousands, are as follows:

*State of Idaho***Notes to the Financial Statements  
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<b>Bond Description</b>	<b>Maturity Dates</b>	<b>Interest Rates</b>	<b>Principal at June 30, 1999</b>	<b>Interest</b>	<b>Total</b>
1992 Series A Refunding Revenue Bonds	1993 to 2002	4.95% to 5.40%	\$3,625	\$349	\$3,974
1992 Series B Refunding Revenue Bonds	1993 to 2006	4.95% to 5.75%	2,330	526	2,856
1992 Series C Refunding Revenue Bonds	1993 to 2008	0.00% to 5.70%	21,705	4,340	26,045
1992 Series D Revenue Bonds	1993 to 2003	5.10% to 5.60%	675	87	762
1992 Series E Revenue Bonds	1993 to 2003	5.20% to 5.60%	1,900	245	2,145
1994 Series Revenue Bonds	1995 to 2008	5.00% to 5.90%	2,445	719	3,164
1995 Series Refunding Revenue Bonds	1996 to 2001	4.20% to 4.40%	3,070	153	3,223
1998 Series A Revenue Bonds	1999 to 2025	3.90% to 5.05%	58,985	46,536	105,521
1998 Series B Refunding Revenue Bonds	1999 to 2012	3.70% to 4.75%	1,960	817	2,777
1998 Series C Refunding Revenue Bonds	1999 to 2012	3.70% to 4.75%	5,435	2,268	7,703
<b>Total Bonds Payable</b>			<b>\$102,130</b>	<b>\$56,040</b>	<b>\$158,170</b>

Sinking fund requirements, in thousands, for the fiscal years subsequent to June 30, 1999 are as follows:

<b>Bond Description</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>Thereafter</b>	<b>Total</b>
1992 Series A Refunding Revenue Bonds	\$993	\$993	\$995	\$993			\$3,974
1992 Series B Refunding Revenue Bonds	358	355	357	357	\$361	\$1,068	2,856
1992 Series C Refunding Revenue Bonds	2,437	2,430	2,467	2,468	2,471	13,772	26,045
1992 Series D Revenue Bonds	152	155	153	150	152		762
1992 Series E Revenue Bonds	429	430	431	429	426		2,145
1994 Series Revenue Bonds	317	317	317	315	318	1,580	3,164
1995 Series Refunding Revenue Bonds	1,211	1,203	809				3,223
1998 Series A Revenue Bonds	2,785	3,965	3,965	3,967	3,967	86,872	105,521
1998 Series B Refunding Revenue Bonds	102	101	100	100	104	2,270	2,777
1998 Series C Refunding Revenue Bonds	280	279	277	280	279	6,308	7,703
<b>Total Bonds Payable</b>	<b>\$9,064</b>	<b>\$10,228</b>	<b>\$9,871</b>	<b>\$9,059</b>	<b>\$8,078</b>	<b>\$111,870</b>	<b>\$158,170</b>

All bonds referred to above are direct obligations of the Authority payable from and secured by a pledge of lease revenues and other funds and reserves held under the bond resolutions. The Authority has surety bonds in amounts up to the reserve requirements for all outstanding bonds. No amounts were outstanding at June 30, 1999, under these surety bonds.

The Authority has defeased several bonds by placing governmental securities into irrevocable trusts that are sufficient to provide for all future debt service payments on these bonds. Consequently, the related liability was appropriately removed from the financial statements in the year of defeasance. The remaining outstanding debt payable by the trust as of June 30, 1999, for each bond issue follows:

**Notes to the Financial Statements  
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<u>Bond Issue</u>	<u>Amount Defeased</u>	<u>Remaining Liability</u>
1978 Series A	\$15,284,300	\$8,555,000
1992 Series D	1,820,000	1,820,000
1992 Series E	5,090,000	5,090,000

The advance refunding of the 1992 Series D and Series E bonds allowed the Authority to reduce its aggregate debt service payments by approximately \$128,000 and \$279,000 over the remaining term of the bond. The refunding on the 1992 Series D and Series E bonds also resulted in an economic gain of approximately \$89,000 and \$402,000. The economic gain is defined as the difference between the present values of the old and new debt service payments.

**The Idaho Water Resource Board** issued bonds, which are reported in a special revenue fund, in fiscal year 1999. The Board is authorized to issue and sell revenue bonds under provisions in Idaho Code, Sections 42-1739 through 42-1749. The bonds were issued for the Dworshak Hydroelectric Project and the revenues that the board shall derive from this project are pledged in order to pay its costs of planning, financing, acquisition, construction, operation, and maintenance of the water project. These bonds are not considered general obligations of the State. Bonds payable are:

<u>Bond Description</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance June 30, 1999</u>
Water Resource Development Revenue Bonds, Series 1999	2001 to 2019	6.50% to 7.75%	\$5,000,000

Principal maturities on bonds payable, for future years ending June 30 are as follows:

<u>Years</u>	<u>Principal Payable</u>
2001	\$10,000
2002	25,000
2003	40,000
2004	60,000
2005	80,000
Thereafter	4,785,000
<b>Total</b>	<b>\$5,000,000</b>

**Various Governmental funds** have contract retentions in the amount of \$2,540,671. The funds will be released to the contractors once the construction projects are completed to a certain stage of satisfaction.

**The State's colleges and universities** have entered into a number of long-term debt obligations for the purpose of funding various projects. The schools have the following debt, in thousands, secured by land, equipment, and student fees:

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

<b>Bonds Payable</b>	<b>Maturity Dates</b>	<b>Interest Rates</b>	<b>Balance at June 30, 1999</b>
Series A	1967 to 2004	3.63%	\$265
Series 1992	1993 to 2014	4.90% to 6.40%	8,000
Series 1993	1994 to 2017	4.40% to 5.50%	10,840
Series 1994	1995 to 2019	4.50% to 6.50%	15,160
Series 1995	1996 to 2020	4.65% to 5.80%	5,825
Series 1996	1997 to 2013	4.10% to 5.85%	26,935
Series 1997	1998 to 2022	4.10% to 6.85%	33,055
Series 1998	1999 to 2023	3.65% to 5.20%	50,450
Series 1999	2000 to 2025	3.60% to 6.50%	32,215
Total Bonds Payable			<u>\$182,745</u>
<b>Notes Payable</b>			
Secured by Future Revenues	7/20/1999	8.20%	\$5
Secured by Future Revenues	1994 to 2004	5.43%	330
Secured by Future Revenues	1999 to 2009	4.99%	1,525
Unsecured	1987 to 2010	3.00%	115
Unsecured	1996 to 2016	5.14%	4,689
Other notes payable through the year 2017 with interest rates ranging from 5% to 10%			<u>2,044</u>
Total Notes Payable			<u>8,708</u>
Total Bonds and Notes Payable without Premium			<u>\$191,453</u>
Premium on Bonds			<u>611</u>
<b>Grand Total Bonds and Notes Payable</b>			<u><b>\$192,064</b></u>

There are a number of limitations and restrictions contained in the various bond indentures.

Principal maturities on notes and bonds payable, in thousands, for future years ending June 30 are as follows:

<b><u>Years</u></b>	<b><u>Principal Payable</u></b>
2000	\$6,262
2001	6,934
2002	7,319
2003	7,760
2004	7,765
Thereafter	<u>155,413</u>
<b>Total</b>	<u><b>\$191,453</b></u>

At June 30, 1999, debt in the amount of \$16,870,281 for the University of Idaho is considered extinguished through refunding of prior issues by a portion of current issues. Sufficient proceeds were

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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invested in government securities and placed in escrow to assure timely payments of the maturities of those prior issues. Neither the debt nor the escrowed assets are reflected in the financial statements.

The University of Idaho has an unsecured revolving line-of-credit with a bank for the purchase of real property, equipment, and other capital expenditures. The University may borrow at a variable or fixed rate based on the five-year U.S. Government Treasury Note Index less 1.35 percent. The minimum interest rate is 5.0 percent, and interest is due semi-annually on any outstanding balance. The maximum available line is \$1,500,000 with \$858,799 in outstanding borrowings at June 30, 1999.

University of Idaho and Boise State University have bonds payable premiums in the amount of \$287,613 and \$323,385, respectively.

On June 29, 1999, Boise State University issued \$4,480,000 in tax-exempt general obligation bonds with an average interest rate of approximately 4.8 percent. The purpose of the bond issuance was to advance refund the outstanding 1994 Series Student Fee Revenue Bonds. As a result of the issuance, approximately \$4,600,000 (after payment of \$136,592 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. Treasury securities (State and Local Government Series). These securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on \$4,480,000 principal of the 1994 Series bonds. As a result, these amounts are considered to be defeased and the liability had been removed from the bonds payable of the University.

Boise State University advance refunded the 1994 Series bonds to decrease its total debt service payments over the next 18 years by approximately \$1,100,000 to obtain an economic gain (the difference between the present values of the debt service payments on the old debt and the debt service payments on the new debt) of approximately \$256,000.

At June 30, 1999, debt in the amount of \$16,615,000 (including amounts discussed above) for Boise State University is considered extinguished through refunding of prior issues by a portion of current issues. Sufficient proceeds were invested in government securities and placed in escrow to assure timely payments of the maturities of these prior issues. Neither the debt nor the escrowed assets are reflected in the financial statements.

**The State Lottery**, reported as an enterprise fund, has an agreement with GTECH Corporation (GTECH) to install and operate the state lottery system. The agreement, which was amended on February 19, 1999, expires February 18, 2003, and is renewable for additional periods. The agreement provides for the Lottery to purchase certain computer hardware and a software license from GTECH and for GTECH to provide ongoing services to the Lottery.

In connection with the computer hardware purchase, the agreement requires that, commencing July 1, 1999, the Lottery pay GTECH a total of \$888,000, together with interest thereon at the rate of 7.95 percent per year, payable in monthly installments for a period of three years. In connection with the software license purchase, the agreement requires that, commencing February 19, 1999, the Lottery pay GTECH a total of \$2,080,000 payable in weekly installments of \$10,000 for a period of four years. These payments have been discounted at 7.95 percent. The unamortized discount is \$252,155 at June 30, 1999.

The remaining payments required to GTECH under the agreement to purchase hardware and the software license are as follows:

*State of Idaho***Notes to the Financial Statements  
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<u>Fiscal Year Ending June 30,</u>	
2000	\$700,559
2001	734,008
2002	770,210
2003	331,068
	<u>2,535,845</u>
Less current portion	<u>(700,559)</u>
<b>Total</b>	<b><u>\$1,835,286</u></b>

See Note 22 for further information on the State Lottery's agreement with GTECH for facilities management services.

**B. Discretely Presented Component Unit**

Idaho Housing and Finance Association (IHFA) bonds were issued to provide sources of capital for housing persons of low or moderate incomes. The bonds are secured by mortgages and repayments are made from the mortgage proceeds.

Bonds payable, in thousands, are as follows:

<u>Bond Types</u>	<u>Delivery Dates</u>	<u>Due Dates</u>	<u>Average Bond Yield</u>	<u>Amount</u>
Single Family Mortgage Purchase Bonds	3/78 to 3/83	1980 to 2015	5.80% to 9.56%	\$7,925 *
Single Family Mortgage Bonds	4/88 to 6/99	1990 to 2030	4.65% to 8.34%	1,351,501 *
FHA Insured Housing Revenue Bonds	12/86 to 12/98	1993 to 2039	5.19% to 8.46%	18,143
Insured Section 8 Assisted Housing Bonds	7/77 to 6/79	1980 to 2021	5.75% to 6.80%	18,565 *
Multifamily Housing/Refunding Bonds	5/94	1995 to 2013	6.57% to 8.17%	37,855
General Obligation Bonds	3/94	2004	5.00%	3,620
Interest Payable				40,699
<b>Total</b>				<b><u>\$1,478,308</u></b>

\*The Idaho Legislature has authorized a continuing appropriation from the Idaho state sales tax account to the extent necessary to restore an annual deficiency in the Capital Reserve Funds. Of the \$1,351,501,000 in Single Family Mortgage Bonds shown in the above table, \$28,320,000 is subject to an appropriation of the state sales tax account to restore an annual deficiency in the capital reserve funds associated with these bonds. The Capital Reserve Funds were established out of the proceeds of the previously identified bonds and are security for those bonds. The bonds currently backed by the capital reserve fund totaled \$54,810,000. The total principal amount of the bonds outstanding that are secured by a capital reserve fund and are entitled to a continuing appropriation from the state sales tax account shall not exceed \$89,000,000. However, the amount will never exceed the current outstanding bond total of \$54,810,000.

Following is a schedule of IHFA principal debt maturities, in thousands, (not including interest payable) for the fiscal years subsequent to June 30, 1999:

*State of Idaho***Notes to the Financial Statements  
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<b>Bonds</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>Thereafter</b>	<b>Total</b>
Single Family Mortgage Purchase Bonds	\$950	\$985	\$1,030	\$1,045	\$615	\$3,300	\$7,925
Single Family Mortgage Bonds	99,799	33,697	35,675	37,335	39,989	1,105,006	1,351,501
FHA Insured Housing Revenue Bonds	177	209	207	210	228	17,112	18,143
Insured Section 8 Assisted Housing Bonds	610	645	685	720	765	15,140	18,565
Multifamily Housing/Refunding Bonds	765	835	910	1,000	1,090	33,255	37,855
General Obligation Bonds						3,620	3,620
<b>Total</b>	<b>\$102,301</b>	<b>\$36,371</b>	<b>\$38,507</b>	<b>\$40,310</b>	<b>\$42,687</b>	<b>\$1,177,433</b>	<b>\$1,437,609</b>

Each bond issue is secured by the pledge of repayments of mortgage loans purchased with the bond proceeds and of all revenue earned relating to those bonds.

Serial bonds and term bonds are subject to redemption at the option of the Association and subject to the terms of the respective bond indenture or bond resolution, in whole or in part, on various dates at prescribed redemption prices ranging from 100 to 103 percent. The bonds are also subject to special redemption from (1) unexpended proceeds of the bonds not committed to purchase mortgage loans, (2) forfeited commitment fees, and (3) early recoveries of principal and pledged receipts at any time. The par value of the Single Family Mortgage Bonds redeemed for the year ended June 30, 1999, was \$111,625,000.

Costs of issuing bonds are capitalized in the respective bond funds and amortized over the term of the bonds. During the year ended June 30, 1999, \$3,287,000 of financing costs were capitalized. The Association had special bond redemptions on January 1, 1999, and July 1, 1998. The deferred bond financing costs related to these special redemptions were written off and are shown separately in the Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balances as Other Non-operating Expenses.

IHFA also holds commercial paper in the amount of \$15,000,000. This provides funds to purchase single family mortgage loans on an interim basis as well as financing for multifamily construction loans. Maturities range from 15 to 112 days and one to ten days and have a weighted average interest rate of 5.055 and 5.585 percent, respectively.

Conduit debt obligations are certain limited obligation debt instruments issued for the express purpose of providing capital financing for a specific third party that is not a part of the issuer's financial reporting entity. From time to time the Association has issued bonds to provide financial assistance to entities for the construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying investments. Upon repayment of the bonds, ownership of the constructed facilities transfers to the entity served by the bond issuance. The Association is not obligated in any manner for repayment of these bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 1999, there were four series of bonds outstanding that meet the description of conduit debt obligations. They had an aggregate principal amount payable of \$18,640,000.

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**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 1999**


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**NOTE 16. GRAND PRIZES PAYABLE**

The State Lottery participates in a Multi-State Lottery Association (MUSL). Concurrent with the grand prize awards, MUSL purchased annuities to settle each of the grand prize obligations. The annuities were purchased at a discount from the total value of future payments. The discount is amortized over the 19-year life of the underlying annuity.

In each instance, the winner is paid one-twentieth of the prize amount in the first year and receives 19 equal annual installments comprising the balance.

The following sets forth the remaining payments required under the grand prize obligations:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2000	\$9,370,000
2001	9,370,000
2002	9,370,000
2003	9,370,000
2004	9,370,000
2005 and thereafter	92,301,000
	<u>139,151,000</u>
Amount Representing Interest	<u>(51,695,476)</u>
<b>Total</b>	<b><u><u>\$87,455,524</u></u></b>

**NOTE 17. CHANGES IN GENERAL LONG-TERM DEBT**

The changes in the General Long-Term Debt Account Group for the fiscal year ended June 30, 1999, are summarized as follows:

	<u>Balances at July 1, 1998 (as adjusted)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances at June 30, 1999</u>
Compensated Absences	\$31,105,318	\$3,974,078		\$35,079,396
Capital Leases	4,106,389	18,949	\$431,760	3,693,578
Notes and Bonds	106,510,000	5,000,000	4,380,000	107,130,000
Contracts Payable	1,776,578	800,294	36,201	2,540,671
<b>Totals</b>	<b><u><u>\$143,498,285</u></u></b>	<b><u><u>\$9,793,321</u></u></b>	<b><u><u>\$4,847,961</u></u></b>	<b><u><u>\$148,443,645</u></u></b>

**NOTE 18. FUND EQUITY****A. Contributed Capital**

During fiscal year 1999, contributed capital changed by the following amount:

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**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 1999**


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	<u>Internal Service</u>
Contributed Capital, July 1, 1998	\$2,976,807
Additions:	
Donated Fixed Assets	5,040
Contributed Capital, June 30, 1999	<u><u>\$2,981,847</u></u>

**B. Retained Earnings and Fund Balances**

Reservations of fund equity represent amounts that are legally segregated and that cannot be appropriated in subsequent years. Designations of unreserved fund equity reflect tentative management plans or intent for future use of available financial resources.

**Retained Earnings**

At June 30, 1999, the following amounts of Retained Earnings were reserved.

**Reservations of Retained Earnings**

<b>Retained Earnings Reserved for:</b>	<u>Internal Service</u>	<u>Component Units</u>
Contract Requirements	\$10,464,768	
Bond Indentures		\$52,853,000

The following subsections contain further descriptive information regarding the above reserved components of Retained Earnings.

Reserved for Contract Requirements – an account used to segregate a portion of fund equity for the contractually required life and health insurance coverages.

Reserved for Bond Indentures – an account used to segregate a portion of fund equity in the Idaho Housing and Finance Association for amounts restricted by bond indentures.

In addition to the above specific reservations, management intends to use \$7,423,810 reserved retained earnings in the Group Insurance Fund (internal service fund) as a buffer to protect the insured against significant increases in insurance premium rates. The Board of Idaho Housing and Finance Association (discretely presented component unit) has resolved to allocate \$60,276,501 of the unreserved retained earnings to internal reserve accounts in order to sustain expected debt issuance patterns and to maintain bond ratings at current or higher levels. Management also intends to use \$11,219,000 of the Unreserved Retained Earnings for programmatic uses in connection with the Affordable Housing Trust Investment Fund.

**Fund Balances**

At June 30, 1999, the following amounts of fund balance were reserved or designated:

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

**Reservations and Designations of Fund Balances**

	<b>General</b>	<b>Special Revenue</b>	<b>Trust and Agency</b>	<b>Colleges and Universities</b>	<b>Totals</b>
<b>Fund Balances Reserved for:</b>					
Bond Indentures				\$13,505,334	\$13,505,334
Capital Outlay		\$10,887,152			10,887,152
Debt Service		2,587,970			2,587,970
Encumbrances	\$31,160,138	52,772,462			83,932,600
Employees' Pension Benefits			\$6,464,750,451		6,464,750,451
Loans and Notes	75,393	52,345,034	2,596,400	23,727,837	78,744,664
Endowment Principal			766,153,348	80,650,922	846,804,270
External Investment Fund Participants			698,813,231		698,813,231
<b>Total Reserved Fund Balances</b>	<b>\$31,235,531</b>	<b>\$118,592,618</b>	<b>\$7,932,313,430</b>	<b>\$117,884,093</b>	<b>\$8,200,025,672</b>
<b>Unreserved Fund Balances</b>					
<b>Designated for:</b>					
Contingencies		\$1,483,301			\$1,483,301
Plant Funds				\$21,328,792	21,328,792
Other Specified Purposes				12,407,742	12,407,742
<b>Total Unreserved, Designated Fund Balances</b>		<b>\$1,483,301</b>		<b>\$33,736,534</b>	<b>\$35,219,835</b>

**Changes in Reservations in Fund Balances**

	<b>General</b>	<b>Special Revenue</b>	<b>Trust and Agency</b>	<b>Colleges and Universities</b>	<b>Totals</b>
Reserved Fund Balances - Beginning	\$18,875,696	\$195,537,432	\$7,176,744,826	\$115,551,662	\$7,506,709,616
Increase (Decrease) in					
Reserved Fund Balances	12,359,835	(76,944,814)	755,568,604	2,332,431	693,316,056
<b>Reserved Fund Balances - Ending</b>	<b>\$31,235,531</b>	<b>\$118,592,618</b>	<b>\$7,932,313,430</b>	<b>\$117,884,093</b>	<b>\$8,200,025,672</b>

The following subsections contain further descriptive information regarding the above reserved and designated components of fund balance.

Reserved for Bond Indentures – an account used to segregate a portion of fund balance for College and University Funds, which relates to bond indentures.

Reserved for Capital Outlay – an account used to segregate a portion of fund balance for the blended component unit, Idaho State Building Authority, which relates to capital outlay.

Reserved for Debt Service – an account used to segregate a portion of fund balance for the blended component unit, Idaho State Building Authority, which relates to debt service.

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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Reserved for Encumbrances – an account used to segregate a portion of fund balance for commitments related to unperformed contracts.

Reserved for Employees' Pension Benefits – an account used to segregate a portion of fund balance for the specific future use of the retirement systems' members.

Reserved for Loans and Notes – an account used to segregate a portion of fund balance to reflect the amounts bound by contractual obligations and not available for current appropriations.

Reserved for Endowment Principal – an account used to segregate a portion of fund balance to indicate the principal amount of nonexpendable trust funds that is legally restricted for a specific future purpose.

Reserved for External Investment Fund Participants – an account used to segregate a portion of fund balance for the investments related to external participants in the Joint Exercise of Powers Trust Fund.

Designated for Contingencies – the amount of the unreserved fund balance the management of the Wheat Commission and the Idaho State Bar intend to use for contingencies.

Designated for Plant Funds – the amount of the unreserved fund balance in the College and University Funds management intends to use to finance the acquisition, construction, improvement, renewal, or replacement of physical properties, and to pay debt service and retire indebtedness on institutional properties.

Designated for Other Specified Purposes – the amount of the unreserved fund balance in the College and University Funds management intends to use for various operating purposes specific to individual higher education institutions.

**NOTE 19. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The following enterprise funds are intended to be self-supporting through sales and user fees charged for various services to the general public, state, and other governmental entities:

**Correctional Industries** - provides employment for the inmates of the Department of Correction by producing and selling a wide range of products to wholesalers and state agencies.

**Liquor Dispensary** - controls the sale and distribution of liquor products in the State.

**State Lottery** - accounts for the operation of a state lottery to generate revenues for state buildings and public schools.

Segment information for these enterprise funds is summarized below:

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

**Enterprise Funds Segment Information**

	<b>Correctional Industries</b>	<b>Liquor Dispensary</b>	<b>State Lottery</b>	<b>Total</b>
Operating Revenues	\$6,950,854	\$61,170,472	\$91,007,996	\$159,129,322
Depreciation	182,806	131,565	761,177	1,075,548
Operating Income	67,937	8,369,854	21,449,136	29,886,927
Operating Transfers Out		(8,295,000)	(20,500,000)	(28,795,000)
Net Income	180,189	120,654	949,136	1,249,979
Property, Plant, and Equipment:				
Increase	118,062	202,457	5,185,040	5,505,559
Decrease	(235,511)	(138,136)	(761,177)	(1,134,824)
Net Increase (Decrease)	(117,449)	64,321	4,423,863	4,370,735
Net Working Capital	2,405,710	(628,936)	12,848,655	14,625,429
Total Assets	5,854,468	17,590,721	114,823,457	138,268,646
Bonds and Other Long-Term Liabilities		2,154,040	89,290,810	91,444,850
Total Equity	5,132,869	6,229,098	19,836,854	31,198,821

**NOTE 20. LITIGATION**

In ISEEO, et al. v. Evans, et al., the plaintiffs allege that the current public school system does not provide a “thorough” education as required by the Idaho Constitution. Plaintiffs allege that approximately \$700 million to \$1 billion in construction expenditures will be needed to bring public schools up to standards. The case has been dismissed three times by the district court and appealed to the Supreme Court. The Supreme Court has remanded the case back to the district court, each time providing additional directions.

The State vigorously contests both the allegation that Idaho’s public school system is not thorough and the alleged costs asserted by the plaintiffs. However, if the plaintiffs were ultimately successful in obtaining a declaratory judgment requiring substantial expenditures, the legislature would need to address the declaratory judgment by either raising revenues or reallocating expenditures.

The State is also a defendant in numerous legal proceedings pertaining to matters incidental to the performance of routine governmental operations. Such litigation includes, but is not limited to, claims asserted against the State arising from alleged torts, alleged breaches of contracts, condemnation proceedings, and other alleged violations of state and federal laws. It is not possible, at the present time, to estimate the ultimate outcome or liability, if any, of the State in respect to the various proceedings; however, it is believed that any ultimate liability resulting from these suits will not have a material adverse effect on the financial condition of the State.

In American Trucking Assn., et al. v. Idaho Transportation Department, et al., the State is involved in a dispute over previously collected taxes in which the plaintiff claims Idaho’s motor carrier use fee system is discriminatory. The State vigorously contests the claim and in the opinion of the Office of the Attorney General, it is unlikely that the State would be required to refund an estimated \$120,000,000 of prior tax payments claimed.

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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Four separate companies have filed suit against the Idaho Potato Commission claiming damages under the anti-trust provisions of the United State Code in the amounts of \$10,000,000 to \$90,000,000 each. The case is in the initial stages of procedural motions to determine whether the Commission is entitled to assert state sovereignty or state action immunity against the adverse parties. The trial court ruled that the Idaho Potato Commission was not entitled to the sovereign immunity defense and that the state action immunity defense could not be decided until discovery was completed. These determinations are being appealed to the Second Circuit Court of Appeals, which will hear the case after January 24, 2000. The Commission is vigorously defending these claims and is being assisted in its defense by the Department of Administration, Division of Risk Management. The Commission believes there is no basis for the claim for damages.

**NOTE 21. CONTINGENCIES**

A contingent liability exists for the Department of Insurance, regarding Investment Premium Tax Credits, Premium Tax Refunds, and Retaliatory Taxes on Foreign Insurers. This contingent liability has not changed status (with the exception of the amount of the potential liability) from the prior year. Last year's estimated range of \$15,490,000 to \$27,117,000 has changed to \$17,204,000 to \$30,587,000.

Idaho Life and Health Insurance Guaranty Association has not assessed or accrued for all potential shortfall for several insolvent insurers. The total liability relating to these insolvencies is not yet determined. However, management's best estimate of future unrecorded shortfall at this time is \$6,200,000 for Executive Life and \$140,000 for Kentucky Central. Assessments for the shortfall will be made in future periods as amounts become due, if necessary.

Idaho Petroleum Clean Water Trust Fund has claim liabilities, which include actuarial estimates for both reported claims and claims incurred but not reported. Unpaid claim liabilities of \$4,251,760 and loss adjustment expenses of \$1,703,288 have been estimated based upon a consulting actuary's study. The unpaid loss adjustment expense is determined by estimating future expenses to be incurred in settlement of claims.

Revenue from federal grants includes amounts for the recovery of overhead and other costs. The State may be required to make refunds of federal reimbursements as a result of audits. The opinion of the State is that these refunds, if any, will not have a significant effect on the financial position of the State.

**NOTE 22. COMMITMENTS**

The Department of Administration estimates there will be approximately \$30,591,981 of additional costs to complete state buildings and other assets currently under construction. The Departments of Parks and Recreation, Transportation, and Water Resources, and the Division of Military have a total of \$150,406,216 in outstanding commitments for construction projects underway at year-end, of which \$138,389,890 is for infrastructure.

The Department of Correction has entered into a three-year contract with Correctional Corporation of America to operate a 1,200-bed prison that is under construction. The contract is estimated to go into effect July 2000. Cost per inmate is \$36.25 per day, with a potential cost for a full year at full occupancy

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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of \$15,877,500. Total potential cost for the three-year term of the contract is \$47,632,500. The Department of Correction also renewed a contract for one year on October 1, 1999, with Correctional Medical Services for \$7,496,616.

The Idaho State Building Authority signed a contract for \$49,986,944 with Corrections Corporation of America for the development and construction of a new prison facility. Of this amount, \$42,754,311 has been expended as of June 30, 1999. The Authority also signed a \$1,168,000 contract with CRSS Constructors, Inc., for project management services. Of this amount, \$734,656 has been expended as of June 30, 1999.

The Department of Health and Welfare administers the State Revolving Fund (SRF). This fund provides a financing source for the construction of publicly owned water pollution control facilities. As of June 30, 1999, the Clean Water SRF had loan commitments of \$18,227,419 that are funded with approximately 83 percent federal funds and 17 percent state matching dollars. The Drinking Water SRF had \$4,881,222 of loan commitments that are funded with approximately 80 percent federal funds and 20 percent state matching dollars.

On June 30, 1999, the Commissioners of the State Lottery approved a total transfer of \$20,600,000 to the School District Building Fund and the State Permanent Building Fund. The transfers were made in July and August, 1999.

The Dairy Products Commission has entered into various agreements that commit it to \$461,750 in future advertising, promotion, and research services. In addition, the Commission annually commits to participate in a national advertising pool administered by Dairy Management, Inc. The Commission has specified that its 1999 advertising pool commitment will not exceed \$3,163,885.

The accrual basis of accounting provides that expenditures include only amounts associated with goods and services received and liabilities include only the unpaid amounts associated with such expenditures. Accordingly, approximately \$2.68 million of outstanding purchase orders and purchase commitments are encumbered by PERSI but not reported in the general purpose financial statements.

The State Lottery has contracted with GTECH, Inc., to install and operate the on-line lottery system. The contract, which was amended on February 19, 1999, expires February 18, 2003. In addition to agreements related to hardware and software purchases, which are discussed in Note 15, the State Lottery agreed to pay GTECH, Inc. 2.99 percent of gross, weekly on-line ticket sales plus \$16,000 per week and \$75 per instant ticket vending machine placed in service per month for ongoing management services. The State Lottery paid \$2,487,342 to GTECH, Inc. for the year ended June 30, 1999.

**NOTE 23. ADJUSTED BEGINNING BALANCES**

For the fiscal year 1999, additional information became available that required the restatement of fund equity amounts. The following is a summary of prior period adjustments, which were reported in the accompanying financial statements for the year ended June 30, 1999:

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

**Adjusted Beginning Balances**

	General	Special Revenue	Enterprise	Internal Service	Nonexpendable Trust Fund	Investment Trust Fund	General Fixed Assets	General Long- Term Debt Account Group
A	\$262,264,002	\$414,482,771	\$29,863,817	\$29,151,518	\$725,519,669	\$572,932,787	\$676,404,473	\$140,983,226
B	6,809,595	3,420,081	85,025	550,984	2,346,176	(6,007,925)	3,083,907	2,515,059
C	\$269,073,597	\$417,902,852	\$29,948,842	\$29,702,502	\$727,865,845	\$566,924,862	\$679,488,380	\$143,498,285

A. Beginning Balances, as previously reported.

B. Accounting corrections related to prior years.

C. Beginning Balances as adjusted.

**NOTE 24. SEGMENT INFORMATION FOR DISCRETELY PRESENTED  
COMPONENT UNITS**

The State has three proprietary-type component units. Component units are organizations that are legally separate, but the State is ultimately financially accountable, or the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The component units are reported in a separate column to emphasize that they are legally separate from the State and governed by separate boards or commissions. The three component units are described in the following paragraphs:

*The Idaho Housing and Finance Association.* The Idaho Housing and Finance Association was created by the Idaho Legislature in Idaho Code, Title 67, Chapter 62, for the purpose of building and rehabilitating residential housing for persons of low income. The Governor appoints the Board to fixed overlapping four-year terms. A financial benefit/burden relationship exists between the State and the Association. The Association is entitled to appropriation from the state sales tax account to back certain capital reserve funds for bonds outstanding. After January 1, 1996, the Association was precluded from issuing debt backed by an appropriation from the state sales tax account. As of June 30, 1999, the outstanding bonds entitled to a continuing appropriation from the state sales tax account totaled \$54,810,000. The Association is presented discretely as an enterprise fund. Their audit report, dated August 27, 1999, was issued under separate cover for the year ended June 30, 1999.

*Idaho Life and Health Insurance Guaranty Association.* The Idaho Life and Health Insurance Guaranty Association is a nonprofit organization authorized by the Idaho Life and Health Insurance Guaranty Association Act of 1977, Idaho Code, Title 41, Chapter 43. The Act was passed to provide a mechanism for the payment of covered claims under certain insurance policies where the insurer becomes insolvent. The Act applies to direct and supplemental life and disability policies and annuity contracts. All insurance companies, which sell the type of insurance covered under the Act, are required to be members of the Association as a condition of their authority to transact insurance business in Idaho. The Board members are selected by member insurers; however, the director of Insurance has veto power and may dismiss management at will. Insurers may offset assessments against their premium taxes to the extent of twenty percent of the amount of such assessment for each of the five calendar years following the

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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year in which the assessment was paid. An allowable offset, or portion thereof, not used in any calendar year cannot be carried over or back to any other year. This imposes a direct financial burden on the State. The Association is presented discretely as an enterprise fund. Their audit report, dated March 23, 1999, was issued under separate cover for the year ended December 31, 1998.

*Petroleum Clean Water Trust Fund.* Idaho Code, Title 41, Chapter 49, created the Petroleum Clean Water Trust Fund to provide pollution liability insurance to eligible owners and operators of petroleum storage tanks. The Fund is subject to the direction and supervision of the manager of the State Insurance Fund. The State approves and may modify the Fund's annual budget and thereby has the ability to impose its will on the Fund. The Fund is presented discretely as an enterprise fund. Their audit report, dated August 4, 1999, was issued under separate cover for the year ended December 31, 1998.

The following component unit financial statements include condensed information for the above component units:

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

**Balance Sheet  
Discretely Presented Component Units - Proprietary Funds  
June 30, 1999**

	<b>Idaho Housing and Finance Association</b>	<b>Idaho Life and Health Insurance Guaranty Association</b>	<b>Petroleum Clean Water Trust Fund</b>	<b>Total</b>
<b>Assets</b>				
Cash Equity with Treasurer			\$5,075,227	\$5,075,227
Cash and Cash Equivalents	\$29,375,000	\$2,577,203		31,952,203
Investments	382,787,000	7,544,067	37,837,125	428,168,192
Deferred Bond Financing Costs	18,037,000			18,037,000
Notes and Mortgages Receivable, Net	1,207,778,000			1,207,778,000
Other Assets	2,000,000	69,341	419,389	2,488,730
Fixed Assets - Net	9,025,000	496	32,294	9,057,790
<b>Total Assets</b>	<b>\$1,649,002,000</b>	<b>\$10,191,107</b>	<b>\$43,364,035</b>	<b>\$1,702,557,142</b>
<b>Liabilities and Fund Equity</b>				
<b>Liabilities</b>				
Accounts Payable and Other Liabilities	\$5,248,000	\$398,334	\$1,836,084	\$7,482,418
Deposits	14,063,000			14,063,000
Deferred Revenue		4,266		4,266
Notes, Bonds, and Contract Payable	1,493,308,000			1,493,308,000
Policy Claim Liabilities		225,132	4,251,760	4,476,892
<b>Total Liabilities</b>	<b>1,512,619,000</b>	<b>627,732</b>	<b>6,087,844</b>	<b>1,519,334,576</b>
<b>Fund Equity</b>				
Retained Earnings				
Reserved	52,853,000			52,853,000
Unreserved	83,530,000	9,563,375	37,276,191	130,369,566
<b>Total Fund Equity</b>	<b>136,383,000</b>	<b>9,563,375</b>	<b>37,276,191</b>	<b>183,222,566</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$1,649,002,000</b>	<b>\$10,191,107</b>	<b>\$43,364,035</b>	<b>\$1,702,557,142</b>

*State of Idaho*
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 1999**
**Statement of Revenues, Expenses and Changes in Retained Earnings**  
**Discretely Presented Component Units - Proprietary Funds**  
**For the Fiscal Year Ended June 30, 1999**

	<b>Idaho Housing and Finance Association</b>	<b>Idaho Life and Health Insurance Guaranty Association</b>	<b>Petroleum Clean Water Trust Fund</b>	<b>Total</b>
<b>Operating Revenues</b>				
Licenses, Permits, and Fees	\$6,804,000		\$1,873,601	\$8,677,601
Sales of Services, Goods, and Property		\$39,401		39,401
Interest and Other Investment Income	78,438,000			78,438,000
Miscellaneous Income	612,000	1,470,379	92,096	2,174,475
<b>Total Operating Revenues</b>	<b>85,854,000</b>	<b>1,509,780</b>	<b>1,965,697</b>	<b>89,329,477</b>
<b>Operating Expenses</b>				
Personnel Costs	4,202,000	78,972		4,280,972
Services	3,006,000	60,367	1,969,312	5,035,679
Insurance, Utilities, and Rent		11,720		11,720
Miscellaneous	716,000	146,755		862,755
Depreciation	746,000	574	3,482	750,056
Awards and Claims		299,572	1,981,088	2,280,660
<b>Total Operating Expenses</b>	<b>8,670,000</b>	<b>597,960</b>	<b>3,953,882</b>	<b>13,221,842</b>
<b>Operating Income (Loss)</b>	<b>77,184,000</b>	<b>911,820</b>	<b>(1,988,185)</b>	<b>76,107,635</b>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income		637,206		637,206
Investment Income	16,828,000		2,709,072	19,537,072
Net Inc (Dec) in Fair Value of Investments	(5,909,000)	(42,654)	(213,853)	(6,165,507)
Interest Expense	(82,370,000)			(82,370,000)
Other	(1,622,000)			(1,622,000)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(73,073,000)</b>	<b>594,552</b>	<b>2,495,219</b>	<b>(69,983,229)</b>
<b>Net Income (Loss)</b>	<b>4,111,000</b>	<b>1,506,372</b>	<b>507,034</b>	<b>6,124,406</b>
Beginning Retained Earnings, as Adjusted	132,272,000	8,057,003	36,769,157	177,098,160
<b>Ending Retained Earnings</b>	<b>\$136,383,000</b>	<b>\$9,563,375</b>	<b>\$37,276,191</b>	<b>\$183,222,566</b>

**NOTE 25. SUBSEQUENT EVENTS**

Subsequent to June 30, 1999, the Idaho Housing and Finance Association issued Single Family Mortgage Bonds 1999 Series E and Single Family Mortgage Bonds 1999 Series F, each in the amount of \$30,000,000. The Association also issued Multifamily Housing Bonds 1999 Series A and B in the amount of \$7,000,000 and Multifamily Housing Bonds Series 1999 in the amount of \$4,700,000. Special

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**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 1999**

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redemptions on Single Family Mortgage Bonds were made on July 1, 1999, with a par value of \$71,945,000. Write-offs related to special bond redemption for July 1, 1999, totaled \$1,224,000.

Subsequent to June 30, 1999, the State expects to receive approximately \$32 million in fiscal year 2000 from the tobacco settlement. The first payment, in the amount of \$8,969,075 was received on December 14, 1999. The payments are to be received into perpetuity (dependent upon the health of the tobacco industry and the success of the state's smoking cessation efforts), with the State to receive approximately \$25-\$30 million per year in the first 25 years of payment receipts. There will be an additional 10-year payment stream starting in 2008 to reimburse the State for legal costs. The cost reimbursement will total approximately \$65 million. The federal government has dropped its claim to any portion of the states' tobacco settlement. Since the state recognizes revenue when it becomes measurable and available, the anticipated revenue is not included in the financial statements.

# Required Supplementary Information



Idaho's First National Bank currency

*State of Idaho***Schedules of Funding Progress  
For the Fiscal Years 1994 – 1999**

Actuarial Valuation Date	(1) Actuarial Market Value of Assets	(2) Accrued Liability (AAL) Entry Age	(3) PV of Future ORP Contributions	(4) Unfunded AAL (UAAL) (2) – (1) – (3)	(5) Funded Ratios (1) : (2 – 3)	(6) Annual Covered Payroll	(7) UAAL as a Percentage of Covered Payroll (4) : (6)
<b>PERSI Plan</b> ( <i>dollars in millions</i> )							
7/1/94	\$2,591.4	\$3,666.1	\$34.1	\$1,040.6	71.3%	\$1,402.0	74.2%
7/1/95	3,087.3	4,077.8	38.4	952.1	76.4	1,525.0	62.4
7/1/96	3,761.2	4,461.5	60.8	639.5	85.5	1,497.4	42.7
7/1/97	4,609.8	4,801.9	63.2	128.9	97.3	1,575.5	8.2
7/1/98	5,488.2	5,060.0	65.7	(493.9)	109.9	1,627.7	(30.3)
7/1/99	6,172.1	5,536.8	68.9	(704.2)	112.9	1,733.5	(40.6)

**Firemen's Retirement Fund** (*dollars in millions*)

7/1/94	\$100.6	\$240.4		\$139.8	41.8%	\$22.6	618.6%
7/1/95	100.6	240.4		139.8	41.8	22.6	618.6
7/1/96	132.1	246.7		114.6	53.5	24.6	465.9
7/1/97	132.1	246.7		114.6	53.5	24.6	465.9
7/1/98	179.0	284.0		105.0	63.0	28.0	375.0
7/1/99	179.0	284.0		105.0	63.0	28.0	375.0

FRF actuarial valuations are performed biennially.

**Judges' Retirement Fund** (*dollars in millions*)

7/1/94				no valuation			
7/1/95	\$27,075	\$25,999		\$(1,076)	104.1%	\$3,304	0.0%
7/1/96				no valuation			
7/1/97	39,720	29,544		(10,176)	134.4	3,611	0.0
7/1/98				no valuation			
7/1/99	60,589	34,574		(26,015)	175.2	3,961	0.0

JRP actuarial valuations are performed biennially.

*State of Idaho*


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**Schedules of Employer Contributions**  
**For the Fiscal Years 1994 – 1999**


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**PERSI Plan**  
**Employer Contributions (*dollars in millions*)**

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<b>Year Ended June 30</b>	<b>Annual Required Contribution</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributions</b>
1994	\$146.2	10.43%	100.0%
1995	\$173.6	11.39%	100.0%
1996	\$176.5	11.63%	100.0%
1997	\$185.9	11.64%	100.0%
1998	\$172.3	10.41%	100.0%
1999	\$173.2	9.80%	100.0%

**Firemen's Retirement Fund**  
**Employer Contributions (*dollars in millions*)**

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<b>Year Ended June 30</b>	<b>Annual Required Contribution</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributions</b>
1996	\$7.25	15.40%	100.0%
1997	\$9.45	15.40%	79.2%
1998	\$9.45	17.24%	84.7%
1999	\$8.64	17.24%	99.1%

FRF actuarial valuations are performed biennially.

**Judges' Retirement Fund**  
**Employer Contributions (*dollars in millions*)**

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<b>Year Ended June 30</b>	<b>Annual Required Contribution</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributions</b>
1994		no valuation	
1995	\$1,288	39.0%	100.0%
1996		no valuation	
1997	\$1,495	41.4%	100.0%
1998		no valuation	
1999	\$1,545	39.0%	100.0%

Judges' actuarial valuations are performed biennially.

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**Notes to the Required Supplementary Schedules  
For the Fiscal Year Ended June 30, 1999**


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The required supplementary information presented in this report was determined as part of the actuarial valuations as of the dates indicated. The following tables present the notes to the required supplementary information, which contain additional information as of the latest actuarial valuations:

**1. Actuarial Information – The PERSI Plan and Firemen’s Retirement Fund**

	<u>PERSI Plan</u>	<u>FRF</u>
Valuation date	July 1, 1999	July 1, 1998
Actuarial cost method	Entry Age Actuarial Cost	Entry Age Actuarial Cost
Amortization method	Level Percentage of Projected Payroll	Level Dollar
Remaining amortization period under the open approach	Not Applicable	18.8 years
Asset valuation method	Market Value	Market Value
Actuarial assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	5.25%	5.25%
Postretirement benefit increase	1.00%	5.25%
Inflation rate	4.25%	0.00%

**2. Actuarial Information – Judges’ Retirement Fund**

Valuation date	July 1, 1999
Actuarial cost method	Entry Age Normal Cost
Amortization method	Level Percentage of Projected Payroll
Remaining amortization period under the open approach	Not Applicable
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	5.00%
Postretirement benefit increase	4.00%
Inflation rate	0.00%

**Year 2000 Disclosure  
For the Fiscal Year Ended June 30, 1999**

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In October 1998, the Governmental Accounting Standards Board (GASB) issued Technical Bulletin 98-1, "Disclosures about Year 2000 Issues." It was amended in March of 1999 by Technical Bulletin 99-1. The provisions of the GASB technical bulletins, effective for financial statements on which the auditor's report is dated after October 31, 1998, require the State to make disclosures about its state-of-readiness in addressing Year 2000 issues for its internal computer systems and equipment. The following required disclosure is provided under the provisions of Year 2000 Information and Readiness Disclosure Act, Public Law 105-271, which encourages the disclosure and exchange of information about computer-related issues in connection with the transition to the Year 2000 and constitutes a Year 2000 readiness disclosure under the same.

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations in the year 1999 and beyond. The Year 2000 issue refers to the fact that many computer programs use only the last two digits to refer to a year. Therefore, both 1900 and 2000 would be referred to as "00." Computer programs have to be adjusted to recognize the difference between those two years or the programs will fail or create errors. Also, some programs may not be able to recognize that 2000 is a leap year. Further, the Year 2000 issue could affect electronic equipment containing computer chips that have date recognition features.

The State of Idaho has taken action relative to the Year 2000 problem, starting as far back as 1995. The Information Technology Resource Management Council (ITRMC) began efforts to identify, monitor, and provide assistance to state agencies on mission critical systems from a statewide perspective. These activities included inventory collection, awareness training, reporting to the Legislature on Year 2000 budget requirements, mailing concerned vendor/customer questionnaires and third party compliance letters, and developing a Year 2000 audit program. By April 1997, ITRMC began its monthly agency Year 2000 project status reporting process and is currently maintaining regular contact with individual state agencies and private industry on their respective progress.

The State has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 issue and is subjecting those systems and equipment that are critical to conducting state operations to the following stages of work to address the Year 2000 issue:

Awareness Stage	Encompasses establishing a budget and project plan for dealing with Year 2000 issues.
Assessment Stage	The process of identifying all critical systems and individual components of these systems which may be affected by Year 2000 issues.
Remediation Stage	The process of making the changes to systems and equipment. This stage deals primarily with the technical issues of converting existing systems or switching to Year 2000-ready systems. Decisions are made on how to address the systems and the changes are made.

**Year 2000 Disclosure  
For the Fiscal Year Ended June 30, 1999**

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Validation/Testing

The process of validating and testing the changes made during the conversion process. This involves the development of test data and test scripts, the running of test scripts, and the review of test results. If the testing results show anomalies, the tested area is corrected and retested.

The State's Year 2000 work for its mission-critical systems and electronic equipment are in the following stages of work:

*Statewide accounting and payroll systems* - As of June 30, 1999, the State was in the validation and testing stage for its statewide accounting and payroll systems.

*Statewide emergency communication systems* - As of June 30, 1999, the Statewide Microwave Services System, which provides emergency two-way communication services, was remediating its system. As of September 30, 1999, the State was validating and testing this system.

*High frequency long-range local communication system* - As of June 30, 1999, the State was validating and testing the high frequency long-range local communication system relied upon as backup for the National Guard.

*Wide Area Network (WAN) system* - As of June 30, 1999, the State's primary WAN system, which is the hub of interagency connectivity and centralized internet-working resources, was in the validation and testing stage.

*Health and Welfare systems* - As of June 30, 1999, the State was remediating the distributed and embedded systems that are mission critical systems related to its health and welfare programs. It was validating and testing its mainframe applications. These systems included:

FISCAL – Financial Information Systems with Cost Allocation, which is the agency accounting system used to monitor budget management, reporting, and federal grant accounting. Major subsystems include cost allocation, cash management, labor, fixed assets, and recipient-level trust management.

MMIS – Medicaid Management Information Systems, which is the billing and payment system used to track Medicaid provider claims.

EPICS – Eligibility Program Integrated Computer Systems, which is the primary eligibility system that tracks participants and processes cash payments.

ICSES – Idaho Child Support Enforcement Systems, which track court orders and payments relating to child support.

*Tax revenue and refund processing, and collection systems* - As of June 30, 1999, the State was remediating its revenue, refund, and collection systems.

**Year 2000 Disclosure  
For the Fiscal Year Ended June 30, 1999**

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*Warrant processing systems* - As of June 30, 1999, the State was validating and testing its warrant redemption interface and ACH interface systems.

*Transportation-related systems* - As of June 30, 1999, the transportation-related mainframe distributed and embedded systems were in the process of validation and testing. As of June 30, 1999, contracted amounts committed to this project totaled \$1,274,417.

*Employment-related services* - As of June 30, 1999, the State's unemployment insurance benefits payment system and the employment service system, which provides basic placement services and data tracking, were in the process of validation and testing.

*Idaho Law Enforcement Telecommunications System (ILETS)* - As of June 30, 1999, the State was remediating the two major components of the ILETS system. As of September 30, 1999, the software upgrades were being validated and tested and the date conversions continued to be remediated. As of June 30, 1999, contracted amounts committed to this project totaled \$671,200.

*Security systems and hardware upgrades* - The Department of Correction hardware upgrades and security system were being validated and tested at June 30, 1999.

*Idaho Juvenile Offender System* - As of June 30, 1999, the State was remediating the juvenile offender system. By September 30, 1999, the State was to begin validation and testing.

*Membership/benefit system* - As of June 30, 1999, the Public Employee Retirement System of Idaho (PERSI) was remediating the system. As of September 30, 1999, PERSI was validating and testing the system.

*State Lottery* - As of June 30, 1999, the administrative hardware and software was in the remediation stage. The Lottery has received assurance from the on-line game contractor that the major software and hardware is compliant and that the less critical systems are in the testing and validating stage. However, there can be no total assurance that the failure of their contractors or suppliers to address Y2K issues will not have a material adverse effect on Lottery's operations. As of June 30, 1999, contracted amounts committed to this project totaled \$1,926,000.

Boise State University and Idaho State University are in the remediation stage. Lewis-Clark State College, Eastern Idaho Technical College, and University of Idaho are in the validation and testing stage.

Individual agencies are solely responsible for the Year 2000 compliance of their systems and equipment. Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the State and its component units are or will be Year 2000 ready, that the State's remediation efforts will be successful in whole or in part, or that parties with whom the State and its component units do business will be Year 2000 ready.



# Combining Financial Statements and Schedules



Children's Welfare Home in Boise, photograph taken in 1934



**SPECIAL REVENUE FUNDS** account for specific revenues designated to finance specific functions of government. The following provides a brief description of significant special revenue funds.

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**The FISH AND GAME FUND** accounts for revenues and expenditures associated with enforcing and administering the fish and game laws in Idaho and to perpetuate and manage the State's wildlife resources. Funding is provided from dedicated user fees and federal grants.

**The HEALTH AND WELFARE FUND** accounts for revenues and expenditures associated with administering public assistance, medical care, foster care, child support enforcement, and other relief to the eligible citizens of Idaho. Funding is provided from the General Fund, federal grants, dedicated user fees, and various other sources.

**The TRANSPORTATION FUND** accounts for revenues and expenditures associated with highway construction and maintenance. Funding is provided from motor vehicle related taxes and user fees, as well as various federal highway administration funds.

**The FEDERAL FUND** accounts for a portion of the revenues and expenditures associated with federal grants received by the State. Federal grants are also included in the Fish and Game Fund, Health and Welfare Fund, and Transportation Fund.

**The REGULATORY FUND** accounts for revenues and expenditures associated with various professional licensing and monitoring functions. The major source of funding is license fees.

**The AGRICULTURE AND NATURAL RESOURCES FUND** accounts for revenues and expenditures associated with the maintenance, preservation, and regulation of the State's parks, water, and agricultural resources. Funding is provided from dedicated user fees, sale of services or goods, and various other sources.

**The MISCELLANEOUS FUND** accounts for revenues, expenditures, and other financial activities associated with general government services where the major source of funding is provided by fees, sale of services or goods, or other income restricted to expenditure for specific purposes.

**The IDAHO STATE BUILDING AUTHORITY** accounts for construction and financing of facilities, such as office buildings and parking garages to be used by the State. The Building Authority is a blended component unit.

*State of Idaho*
**Combining Balance Sheet**  
**Special Revenue Funds**  
**June 30, 1999**

	Fish and Game	Health and Welfare	Transportation	Federal
<b>Assets</b>				
Cash Equity with Treasurer	\$10,684,530	\$75,642,015	\$131,917,255	\$5,388,873
Cash and Cash Equivalents				
Investments	4,656,455		173,635	
Accounts Receivable, Net	163,561	8,216,489	13,900,753	17,600
Due from Other Funds	8,995	9,202	25,544	231,216
Due from Other Entities	4,098,747	80,155,023	10,748,250	12,332,229
Notes/Mortgages Receivable, Net		43,464,191		
Other Assets	143,529	460,844		85,058
<b>Total Assets</b>	<b>\$19,755,817</b>	<b>\$207,947,764</b>	<b>\$156,765,437</b>	<b>\$18,054,976</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and Other Liabilities	\$1,373,632	\$102,269,018	\$44,223,132	\$7,789,608
Payroll and Compensated Absences Payable	1,876,416	11,732,692	4,998,985	3,133,156
Deposits	6,000	3,578,681	173,635	
Due to Other Funds	41,210	828,282	330,148	419,814
Due to Other Entities				
Deferred Revenue		3,592,000	1,543,989	2,582,251
<b>Total Liabilities</b>	<b>3,297,258</b>	<b>122,000,673</b>	<b>51,269,889</b>	<b>13,924,829</b>
<b>Fund Balances</b>				
Reserved	832,831	43,558,625	41,185,203	2,224,094
Unreserved	15,625,728	42,388,466	64,310,345	1,906,053
<b>Total Fund Balances</b>	<b>16,458,559</b>	<b>85,947,091</b>	<b>105,495,548</b>	<b>4,130,147</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$19,755,817</b>	<b>\$207,947,764</b>	<b>\$156,765,437</b>	<b>\$18,054,976</b>

Regulatory	Agriculture and Natural Resources	Miscellaneous	Idaho State Building Authority	Total
\$40,033,051	\$70,460,243	\$40,386,152		\$374,512,119
1,983,446	3,383,800	4,300,872	\$7,972,483	17,640,601
4,321,848	12,799,652		13,131,988	35,083,578
209,410	2,159,596	1,365,588		26,032,997
33,642		139,830		448,429
	258,755	441,293		108,034,297
71,177	8,809,666			52,345,034
45,534	277,394	2,569	341,483	1,356,411
\$46,698,108	\$98,149,106	\$46,636,304	\$21,445,954	\$615,453,466
\$433,593	\$1,947,822	\$1,513,815	\$3,263,039	\$162,813,659
1,016,141	1,373,761	1,517,092		25,648,243
5,331,029	7,617,963	500		16,707,808
115,120	261,418	53,805		2,049,797
	2,535			2,535
830,398	7,261,602	987,176		16,797,416
7,726,281	18,465,101	4,072,388	3,263,039	224,019,458
448,445	15,754,740	1,113,558	13,475,122	118,592,618
38,523,382	63,929,265	41,450,358	4,707,793	272,841,390
38,971,827	79,684,005	42,563,916	18,182,915	391,434,008
\$46,698,108	\$98,149,106	\$46,636,304	\$21,445,954	\$615,453,466

*State of Idaho*

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 1999**

	Fish and Game	Health and Welfare	Transportation	Federal
<b>Revenues</b>				
Sales Tax		\$4,800,000		
Other Taxes		15,354,809	\$236,280,819	
Licenses, Permits, and Fees	\$24,220,750	7,349,410	63,205,438	\$27,255
Sale of Services, Goods, and Property	150,026	43,983,533	10,783,760	508,188
Grants and Contributions	21,474,561	560,568,570	139,317,582	200,777,972
Interest and Other Investment Income	927,123	2,081,355	6,421,359	74,455
Rent and Lease Income	6,721	66,503	451,097	406
Miscellaneous Income	2,948,574	18,823,214	182,733	360,108
Net Inc (Dec) in Fair Value of Investments	(103,189)			
<b>Total Revenues</b>	<b>49,624,566</b>	<b>653,027,394</b>	<b>456,642,788</b>	<b>201,748,384</b>
<b>Expenditures</b>				
Current				
General Government		22,720,198		393,210
Public Safety and Correction				15,723,807
Agriculture and Economic Development	80,000			51,079,990
Natural Resources	42,136,485	24,598,732		3,220,798
Health		600,542,545		
Public Education				11,276,855
Human Services		222,578,596		499,474
Transportation			240,370,166	
Capital Outlay	4,865,318	7,692,500	196,538,376	7,470,112
Intergovernmental	50,000	31,935,781	3,443,902	111,665,152
<b>Total Expenditures</b>	<b>47,131,803</b>	<b>910,068,352</b>	<b>440,352,444</b>	<b>201,329,398</b>
<b>Revenues Over (Under) Expenditures</b>	<b>2,492,763</b>	<b>(257,040,958)</b>	<b>16,290,344</b>	<b>418,986</b>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In		254,387,882		
Operating Transfers Out		(854,136)	(13,251,026)	(119,263)
Proceeds from Bond Issues				
<b>Total Other Financing Sources (Uses)</b>		<b>253,533,746</b>	<b>(13,251,026)</b>	<b>(119,263)</b>
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>2,492,763</b>	<b>(3,507,212)</b>	<b>3,039,318</b>	<b>299,723</b>
<b>Fund Balances - Beginning of Year, as Adjusted</b>	<b>13,965,796</b>	<b>89,454,303</b>	<b>102,456,230</b>	<b>3,830,424</b>
<b>Fund Balances - End of Year</b>	<b>\$16,458,559</b>	<b>\$85,947,091</b>	<b>\$105,495,548</b>	<b>\$4,130,147</b>

Regulatory	Agriculture and Natural Resources	Miscellaneous	Idaho State Building Authority	Total
	\$130			\$4,800,130
\$52,312,061	23,660,154	\$21,277,605		348,885,448
29,341,491	25,163,212	9,450,362		158,757,918
522,126	7,135,488	12,854,971		75,938,092
56,260	5,382,029	7,558,626		935,135,600
621,148	4,261,101	1,121,269	\$2,044,949	17,552,759
7,655	1,142,800	250,508	6,303,590	8,229,280
749,133	2,614,073	8,649,973		34,327,808
	(3,298)			(106,487)
83,609,874	69,355,689	61,163,314	8,348,539	1,583,520,548
1,297,141	1,854,696	6,627,714	9,291,767	42,184,726
	7,223,366	27,722,161		50,669,334
32,346,781	30,342,613	15,338,085		129,187,469
514,867	15,112,160	2,143,259		87,726,301
				600,542,545
		5,323,967		16,600,822
		108,967		223,187,037
	68,973			240,439,139
1,060,107	7,969,738	3,150,954	39,222,278	267,969,383
	5,595,288	11,245,954		163,936,077
35,218,896	68,166,834	71,661,061	48,514,045	1,822,442,833
48,390,978	1,188,855	(10,497,747)	(40,165,506)	(238,922,285)
	1,093,096	13,769,600		269,250,578
(47,111,260)		(501,987)		(61,837,672)
	5,040,535			5,040,535
(47,111,260)	6,133,631	13,267,613		212,453,441
1,279,718	7,322,486	2,769,866	(40,165,506)	(26,468,844)
37,692,109	72,361,519	39,794,050	58,348,421	417,902,852
\$38,971,827	\$79,684,005	\$42,563,916	\$18,182,915	\$391,434,008

*State of Idaho*

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Budgetary Basis) - Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 1999**

	<b>Fish and Game</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Sales Tax			
Other Taxes			
Licenses, Permits, and Fees	\$24,125,223	\$24,125,223	
Sale of Services, Goods, and Property	150,005	150,005	
Grants and Contributions	20,024,177	20,024,177	
Interest and Other Investment Income	855,512	855,512	
Rent and Lease Income	5,721	5,721	
Miscellaneous Income	2,296,689	2,296,689	
<b>Total Revenues</b>	<b>47,457,327</b>	<b>47,457,327</b>	
<b>Expenditures</b>			
General Government			
Public Safety and Correction			
Agriculture and Economic Development	100,003	80,000	\$20,003
Natural Resources	61,851,619	46,698,428	15,153,191
Health			
Public Education			
Human Services			
Transportation			
<b>Total Expenditures</b>	<b>\$61,951,622</b>	<b>46,778,428</b>	<b>\$15,173,194</b>
<b>Revenues Over (Under) Expenditures</b>		<b>678,899</b>	
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In			
Operating Transfers Out			
Proceeds from Bond Issues			
<b>Total Other Financing Sources (Uses)</b>			
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>		<b>678,899</b>	
<b>Reconciling Items</b>			
Changes Effected by Accrued Revenues		2,167,239	
Changes Effected by Accrued Expenditures		(353,375)	
<b>Fund Balances - Beginning of Year, as Adjusted</b>		<b>13,965,796</b>	
<b>Fund Balances - End of Year</b>		<b>\$16,458,559</b>	

Continued

Health and Welfare			Transportation		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$4,800,000	\$4,800,000				
15,335,249	15,335,249		\$241,599,195	\$241,599,195	
7,240,554	7,240,554		63,221,743	63,221,743	
42,060,432	42,060,432		10,501,730	10,501,730	
539,365,280	539,365,280		142,063,833	142,063,833	
2,353,568	2,353,568		6,437,113	6,437,113	
65,171	65,171		211,463	211,463	
12,487,304	12,487,304		386,552	386,552	
623,707,558	623,707,558		464,421,629	464,421,629	
31,467,630	30,674,289	\$793,341			
36,731,541	31,706,624	5,024,917			
687,609,635	666,522,609	21,087,026			
35,724	35,724				
154,744,309	142,144,003	12,600,306			
			536,358,026	430,274,837	\$106,083,189
\$910,588,839	871,083,249	\$39,505,590	\$536,358,026	430,274,837	\$106,083,189
	(247,375,691)			34,146,792	
	254,387,882				
	(854,136)			(13,251,026)	
	253,533,746			(13,251,026)	
	6,158,055			20,895,766	
	29,319,836			(7,778,841)	
	(38,985,103)			(10,077,607)	
	89,454,303			102,456,230	
	\$85,947,091			\$105,495,548	

*State of Idaho*

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual (Budgetary Basis) - Special Revenue Funds  
For the Fiscal Year Ended June 30, 1999**

	Federal		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Sales Tax			
Other Taxes			
Licenses, Permits, and Fees	\$26,005	\$26,005	
Sale of Services, Goods, and Property	159,717	159,717	
Grants and Contributions	199,034,807	199,034,807	
Interest and Other Investment Income	74,455	74,455	
Rent and Lease Income	406	406	
Miscellaneous Income	173,159	173,159	
<b>Total Revenues</b>	<b>199,468,549</b>	<b>199,468,549</b>	
<b>Expenditures</b>			
General Government	472,400	394,182	\$78,218
Public Safety and Correction	32,962,965	23,286,613	9,676,352
Agriculture and Economic Development	77,030,083	67,860,753	9,169,330
Natural Resources	6,912,037	3,949,538	2,962,499
Health			
Public Education	110,275,545	99,850,574	10,424,971
Human Services	5,905,200	5,246,490	658,710
Transportation			
<b>Total Expenditures</b>	<b>\$233,558,230</b>	<b>200,588,150</b>	<b>\$32,970,080</b>
<b>Revenues Over (Under) Expenditures</b>		<b>(1,119,601)</b>	
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In			
Operating Transfers Out		(119,263)	
Proceeds from Bond Issues			
<b>Total Other Financing Sources (Uses)</b>		<b>(119,263)</b>	
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>		<b>(1,238,864)</b>	
<b>Reconciling Items</b>			
Changes Effected by Accrued Revenues		2,279,835	
Changes Effected by Accrued Expenditures		(741,248)	
<b>Fund Balances - Beginning of Year, as Adjusted</b>		<b>3,830,424</b>	
<b>Fund Balances - End of Year</b>		<b>\$4,130,147</b>	

Continued

Regulatory			Agriculture and Natural Resources		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$52,313,374	\$52,313,374		\$23,661,929	\$23,661,929	
29,300,940	29,300,940		25,305,883	25,305,883	
521,741	521,741		7,180,113	7,180,113	
56,260	56,260		5,680,246	5,680,246	
621,148	621,148		4,417,856	4,417,856	
7,650	7,650		1,167,644	1,167,644	
737,730	737,730		2,219,153	2,219,153	
83,558,843	83,558,843		69,632,824	69,632,824	
1,297,141	1,297,141		2,852,851	2,092,973	\$759,878
32,552,336	30,586,586	\$1,965,750	11,841,022	6,860,410	4,980,612
629,049	515,513	113,536	33,880,359	30,904,461	2,975,898
			43,108,411	26,241,955	16,866,456
			67,411	67,411	
\$34,478,526	32,399,240	\$2,079,286	\$91,750,054	66,167,210	\$25,582,844
	51,159,603			3,465,614	
	(47,111,260)			1,093,096	
	(47,111,260)			5,040,535	
	4,048,343			9,599,245	
	51,031			(277,135)	
	(2,819,656)			(1,999,624)	
	37,692,109			72,361,519	
	\$38,971,827			\$79,684,005	

*State of Idaho*

**Combining Statement Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual (Budgetary Basis) - Special Revenue Funds  
For the Fiscal Year Ended June 30, 1999**

	Miscellaneous		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Sales Tax			
Other Taxes	\$19,044,834	\$19,044,834	
Licenses, Permits, and Fees	9,289,332	9,289,332	
Sale of Services, Goods, and Property	8,339,011	8,339,011	
Grants and Contributions	6,451,199	6,451,199	
Interest and Other Investment Income	1,010,423	1,010,423	
Rent and Lease Income	270,178	270,178	
Miscellaneous Income	8,503,024	8,503,024	
<b>Total Revenues</b>	<b>52,908,001</b>	<b>52,908,001</b>	
<b>Expenditures</b>			
General Government	6,969,922	6,825,426	\$144,496
Public Safety and Correction	32,510,141	29,041,255	3,468,886
Agriculture and Economic Development	22,327,582	18,622,452	3,705,130
Natural Resources	10,519,325	8,663,864	1,855,461
Health			
Public Education	40,188,086	7,126,663	33,061,423
Human Services	185,300	125,783	59,517
Transportation			
<b>Total Expenditures</b>	<b>\$112,700,356</b>	<b>70,405,443</b>	<b>\$42,294,913</b>
<b>Revenues Over (Under) Expenditures</b>		<b>(17,497,442)</b>	
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In		13,769,600	
Operating Transfers Out		(501,987)	
Proceeds from Bond Issues			
<b>Total Other Financing Sources (Uses)</b>		<b>13,267,613</b>	
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>		<b>(4,229,829)</b>	
<b>Reconciling Items</b>			
Changes Effected by Accrued Revenues		8,255,313	
Changes Effected by Accrued Expenditures		(1,255,618)	
<b>Fund Balances - Beginning of Year, as Adjusted</b>		<b>39,794,050</b>	
<b>Fund Balances - End of Year</b>		<b>\$42,563,916</b>	

Idaho State Building Authority			Total		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
			\$4,800,000	\$4,800,000	
			351,954,581	351,954,581	
			158,509,680	158,509,680	
			68,912,749	68,912,749	
			912,675,802	912,675,802	
\$2,044,949	\$2,044,949		17,815,024	17,815,024	
6,303,590	6,303,590		8,031,823	8,031,823	
			26,803,611	26,803,611	
8,348,539	8,348,539		1,549,503,270	1,549,503,270	
48,514,045	48,514,045		91,573,989	89,798,056	\$1,775,933
			77,314,128	59,188,278	18,125,850
			165,890,363	148,054,252	17,836,111
			159,751,982	117,775,922	41,976,060
			687,609,635	666,522,609	21,087,026
			150,499,355	107,012,961	43,486,394
			160,834,809	147,516,276	13,318,533
			536,425,437	430,342,248	106,083,189
\$48,514,045	48,514,045		\$2,029,899,698	1,766,210,602	\$263,689,096
	(40,165,506)			(216,707,332)	
				269,250,578	
				(61,837,672)	
				5,040,535	
				212,453,441	
	(40,165,506)			(4,253,891)	
				34,017,278	
				(56,232,231)	
	58,348,421			417,902,852	
\$18,182,915				\$391,434,008	



**ENTERPRISE FUNDS** account for the operations of state agencies that provide goods or services to the general public and finance their operations through user charges. The following provides a brief description of the significant enterprise funds.

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**CORRECTIONAL INDUSTRIES**

provides employment for prisoners of the Idaho State Prison. Correctional Industries manufactures and sells a variety of items, including license plates, furniture, highway signs, printing services, dairy and meat products, and other miscellaneous products and services.

**The LIQUOR DISPENSARY** was established by the Legislature in 1939. The Dispensary's purpose is to conduct, license, and regulate the sale of alcoholic beverages. Funding is provided through the sale of products. A portion of the surplus from the Fund is transferred to the State's General Fund, the Public School Income Fund, and other funds as dictated by Idaho Code. The balance, after the above authorized transfers, is then distributed 40% to counties and 60% to cities.

**The STATE LOTTERY** was established by the Legislature in 1988. The State Lottery's purpose is to adopt rules and regulations governing the establishment and operation of lottery games, ensure its integrity, and to maximize the net income of the lottery for the benefit of the State. Annually the State Lottery's surplus net income is distributed evenly between state buildings and public schools.

*State of Idaho***Combining Balance Sheet****Enterprise Funds****June 30, 1999**

	Correctional Industries	Liquor Dispensary	State Lottery	Total
<b>Assets</b>				
Cash Equity with Treasurer	\$2,497,506	\$8,512,796	\$15,530,893	\$26,541,195
Cash and Cash Equivalents		24,750	193,437	218,187
Accounts Receivable, Net	155,935	41,101	2,820,118	3,017,154
Due from Other Funds	473,868			473,868
Grand Prizes Receivable			87,455,524	87,455,524
Other Assets	1,280,640	5,832,740	3,172,206	10,285,586
Fixed Assets, Net	1,446,519	3,179,334	5,651,279	10,277,132
<b>Total Assets</b>	<b>\$5,854,468</b>	<b>\$17,590,721</b>	<b>\$114,823,457</b>	<b>\$138,268,646</b>
<b>Liabilities and Fund Equity</b>				
<b>Liabilities</b>				
Accounts Payable and Other Liabilities	\$434,106	\$8,421,546	\$5,473,743	\$14,329,395
Payroll and Compensated Absences Payable	284,530	697,710	222,050	1,204,290
Deposits		11,000		11,000
Due to Other Funds	2,963	64,704		67,667
Deferred Revenue		12,623		12,623
Notes/Bonds/Contracts Payable			1,835,286	1,835,286
Grand Prizes Payable			87,455,524	87,455,524
Capital Leases		2,154,040		2,154,040
<b>Total Liabilities</b>	<b>721,599</b>	<b>11,361,623</b>	<b>94,986,603</b>	<b>107,069,825</b>
<b>Fund Equity</b>				
Retained Earnings				
Unreserved	5,132,869	6,229,098	19,836,854	31,198,821
<b>Total Fund Equity</b>	<b>5,132,869</b>	<b>6,229,098</b>	<b>19,836,854</b>	<b>31,198,821</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$5,854,468</b>	<b>\$17,590,721</b>	<b>\$114,823,457</b>	<b>\$138,268,646</b>

*State of Idaho*

**Combining Statement of Revenues, Expenses, and Changes in  
Retained Earnings - Enterprise Funds  
For the Fiscal Year Ended June 30, 1999**

	Correctional Industries	Liquor Dispensary	State Lottery	Total
<b>Operating Revenues</b>				
Licenses, Permits, and Fees		\$1,000		\$1,000
Sale of Services, Goods, and Property	\$6,860,740	61,160,941	\$90,406,823	158,428,504
Miscellaneous Income	90,114	8,531	601,173	699,818
<b>Total Operating Revenues</b>	<b>6,950,854</b>	<b>61,170,472</b>	<b>91,007,996</b>	<b>159,129,322</b>
<b>Operating Expenses</b>				
Personnel Costs	1,923,788	5,635,760	1,920,923	9,480,471
Services	253,556	393,641	10,790,573	11,437,770
Travel	17,040	52,888		69,928
Supplies	3,959,574	33,355,782	2,416,678	39,732,034
Insurance, Utilities, and Rent	419,837	1,561,523	946,407	2,927,767
Miscellaneous	126,316	1,380,314	400,685	1,907,315
Depreciation	182,806	131,565	761,177	1,075,548
Awards and Claims			52,322,417	52,322,417
Payment as Agent		10,289,145		10,289,145
<b>Total Operating Expenses</b>	<b>6,882,917</b>	<b>52,800,618</b>	<b>69,558,860</b>	<b>129,242,395</b>
<b>Operating Income (Loss)</b>	<b>67,937</b>	<b>8,369,854</b>	<b>21,449,136</b>	<b>29,886,927</b>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income	112,252	376,612		488,864
Interest Expense		(323,667)		(323,667)
Loss on Sale of Fixed Assets		(7,145)		(7,145)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>112,252</b>	<b>45,800</b>		<b>158,052</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>180,189</b>	<b>8,415,654</b>	<b>21,449,136</b>	<b>30,044,979</b>
Operating Transfers Out		(8,295,000)	(20,500,000)	(28,795,000)
<b>Net Income (Loss)</b>	<b>180,189</b>	<b>120,654</b>	<b>949,136</b>	<b>1,249,979</b>
<b>Beginning Retained Earnings, as Adjusted</b>	<b>4,952,680</b>	<b>6,108,444</b>	<b>18,887,718</b>	<b>29,948,842</b>
<b>Ending Retained Earnings</b>	<b>\$5,132,869</b>	<b>\$6,229,098</b>	<b>\$19,836,854</b>	<b>\$31,198,821</b>

*State of Idaho*
**Combining Statement of Cash Flows**  
**Enterprise Funds**  
**For the Fiscal Year Ended June 30, 1999**

	Correctional Industries	Liquor Dispensary	State Lottery	Total
<b>Increase (Decrease) in Cash, Cash Equivalents, and Cash Equity with Treasurer</b>				
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers, Loan Interest, and Fees	\$1,879,041	\$61,158,683	\$89,260,840	\$152,298,564
Receipts from State Agency Customers	5,147,885			5,147,885
Payments to Suppliers	(4,291,300)	(36,442,978)	(13,657,595)	(54,391,873)
Payments to Employees for Services and Benefits	(1,820,434)	(5,613,521)	(1,921,930)	(9,355,885)
Payments to State Agency Suppliers	(75,868)	(173,085)		(248,953)
Payments of Awards and Claims			(52,322,417)	(52,322,417)
Payments as Agent		(6,776,237)		(6,776,237)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>839,324</b>	<b>12,152,862</b>	<b>21,358,898</b>	<b>34,351,084</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Operating Transfers In				
Operating Transfers Out		(8,295,000)	(20,500,000)	(28,795,000)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>		<b>(8,295,000)</b>	<b>(20,500,000)</b>	<b>(28,795,000)</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from Disposition of Capital Assets		1,150		1,150
Acquisition and Construction of Capital Assets	(61,695)	(865,262)	(3,199,403)	(4,126,360)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(61,695)</b>	<b>(864,112)</b>	<b>(3,199,403)</b>	<b>(4,125,210)</b>
<b>Cash Flows from Investing Activities</b>				
Receipt of Interest and Dividends	112,252	376,612		488,864
Other Investing Activities			(150,351)	(150,351)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>112,252</b>	<b>376,612</b>	<b>(150,351)</b>	<b>338,513</b>
<b>Net Increase (Decrease) in Cash, Cash Equivalents, and Cash Equity with Treasurer</b>	<b>889,881</b>	<b>3,370,362</b>	<b>(2,490,856)</b>	<b>1,769,387</b>
<b>Beginning Cash, Cash Equivalents, and Cash Equity with Treasurer</b>	<b>1,607,625</b>	<b>5,167,184</b>	<b>18,215,186</b>	<b>24,989,995</b>
<b>Ending Cash, Cash Equivalents, and Cash Equity with Treasurer</b>	<b>\$2,497,506</b>	<b>\$8,537,546</b>	<b>\$15,724,330</b>	<b>\$26,759,382</b>

	Correctional Industries	Liquor Dispensary	State Lottery	Total
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$67,937	\$8,369,854	\$21,449,136	\$29,886,927
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Depreciation	182,806	131,565	761,177	1,075,548
(Increase) Decrease in Accounts Receivable, Net	104,248	(10,639)	(1,747,156)	(1,653,547)
(Increase) Decrease in Grand Prize Receivables			3,376,743	3,376,743
(Increase) Decrease in Due from Other Funds	(28,175)			(28,175)
(Increase) Decrease in Other Assets	765,253	(424)	(119,678)	645,151
Increase (Decrease) in Accounts Payable and Other Liabilities	(354,386)	3,580,714	1,016,426	4,242,754
Increase (Decrease) in Grand Prizes Payable			(3,376,743)	(3,376,743)
Increase (Decrease) in Deferred Revenue		8,910		8,910
Increase (Decrease) in Due to Other Funds	(1,713)	50,643		48,930
Increase (Decrease) in Compensated Absences	103,354	22,239	(1,007)	124,586
<b>Total Adjustments</b>	<b>771,387</b>	<b>3,783,008</b>	<b>(90,238)</b>	<b>4,464,157</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$839,324</b>	<b>\$12,152,862</b>	<b>\$21,358,898</b>	<b>\$34,351,084</b>

**Noncash Transactions:**

Noncash transactions are investing and financing activities that affect assets and liabilities but do not result in cash receipts or payments. The following noncash transaction occurred during the year: The State Lottery reported accretion of grand prize annuities receivable from the Multi-State Lottery Association, with a corresponding increase in the Grand Prizes Payable, totaling \$5,993,257 for the current fiscal year.



**INTERNAL SERVICE FUNDS** account for the operation of state agencies, which provide goods or services to other state agencies and other governmental units on a cost reimbursement basis. The following provides a brief description of operations included in these significant internal service funds.

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**The GENERAL SERVICES FUND**

accounts for statewide accounting, auditing, payroll and treasury services, surplus property redistribution and sale, copying services, purchasing, mail services for state agencies, and voice and data communication services.

**The DATA PROCESSING SERVICES**

**FUND** accounts for data processing services provided by the Office of the State Controller to the various state agencies. In addition, the State Department of Education provides data processing services to local school districts and some state agencies.

**The GROUP INSURANCE FUND**

administers the Group Insurance Act by providing health insurance to all state employees and optional coverage for dependents and retirees. The Fund also provides life insurance and short-term and long-term disability coverage.

**The RISK MANAGEMENT FUND**

accounts for insurance coverage and loss prevention to all state agencies. Coverage is provided using an optimal combination of self-insurance and private excess insurance.

*State of Idaho***Combining Balance Sheet****Internal Service Funds****June 30, 1999**

	General Services	Data Processing Services	Group Insurance	Risk Management	Total
<b>Assets</b>					
Cash Equity with Treasurer	\$3,783,362	\$379,008	\$42,248,546	\$17,184,694	\$63,595,610
Accounts Receivable, Net	164,913	9,576	216	608,096	782,801
Due from Other Funds	788,539	835,858	8	206,864	1,831,269
Other Assets	969,050	1,158,464		60,450	2,187,964
Fixed Assets, Net	4,191,967	1,249,827	18,367		5,460,161
<b>Total Assets</b>	<b>\$9,897,831</b>	<b>\$3,632,733</b>	<b>\$42,267,137</b>	<b>\$18,060,104</b>	<b>\$73,857,805</b>
<b>Liabilities and Fund Equity</b>					
<b>Liabilities</b>					
Accounts Payable and Other Liabilities	\$570,839	\$10,352	\$1,452,171	\$128,663	\$2,162,025
Payroll and Compensated Absences Payable	1,661,247	387,902	18,274	32,655	2,100,078
Due to Other Funds	209,640	20,977	1,342	148,975	380,934
Deferred Revenue	149,786	7,910	5,297,537		5,455,233
Policy Claim Liabilities			19,814,600	14,509,326	34,323,926
Capital Leases	148,276	77,733			226,009
<b>Total Liabilities</b>	<b>2,739,788</b>	<b>504,874</b>	<b>26,583,924</b>	<b>14,819,619</b>	<b>44,648,205</b>
<b>Fund Equity</b>					
Contributed Capital	2,962,307	19,540			2,981,847
Retained Earnings					
Reserved			10,464,768		10,464,768
Unreserved	4,195,736	3,108,319	5,218,445	3,240,485	15,762,985
<b>Total Fund Equity</b>	<b>7,158,043</b>	<b>3,127,859</b>	<b>15,683,213</b>	<b>3,240,485</b>	<b>29,209,600</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$9,897,831</b>	<b>\$3,632,733</b>	<b>\$42,267,137</b>	<b>\$18,060,104</b>	<b>\$73,857,805</b>

**Combining Statement of Revenues, Expenses, and Changes in  
Retained Earnings - Internal Service Funds  
For the Fiscal Year Ended June 30, 1999**

	General Services	Data Processing Services	Group Insurance	Risk Management	Total
<b>Operating Revenues</b>					
Other Taxes			\$42,513		\$42,513
Licenses, Permits, and Fees	\$16,210				16,210
Sale of Services, Goods, and Property	20,903,380	\$6,432,537	84,152,063	\$4,177,277	115,665,257
Rent and Lease Income	5,095,338				5,095,338
Miscellaneous Income	4,321,898		1,239,150	11,329	5,572,377
<b>Total Operating Revenues</b>	<b>30,336,826</b>	<b>6,432,537</b>	<b>85,433,726</b>	<b>4,188,606</b>	<b>126,391,695</b>
<b>Operating Expenses</b>					
Personnel Costs	13,823,837	2,838,760	218,896	318,625	17,200,118
Services	11,088,224	1,975,598	211,795	28,143	13,303,760
Travel	185,031	31,326		5,179	221,536
Supplies	1,172,809	458,029	29,000	153,249	1,813,087
Insurance, Utilities, and Rent	1,911,570	15,632	8,203	1,232,045	3,167,450
Miscellaneous	1,257,283	19,023	27,559	136,738	1,440,603
Depreciation	1,254,726	922,453	6,358		2,183,537
Awards and Claims			86,671,308	5,734,875	92,406,183
Payment as Agent			34,605		34,605
<b>Total Operating Expenses</b>	<b>30,693,480</b>	<b>6,260,821</b>	<b>87,207,724</b>	<b>7,608,854</b>	<b>131,770,879</b>
<b>Operating Income (Loss)</b>	<b>(356,654)</b>	<b>171,716</b>	<b>(1,773,998)</b>	<b>(3,420,248)</b>	<b>(5,379,184)</b>
<b>Nonoperating Revenues (Expenses)</b>					
Interest Income	317,850	73,630	2,177,576	936,214	3,505,270
Interest Expense	(17,309)	(31,289)			(48,598)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>300,541</b>	<b>42,341</b>	<b>2,177,576</b>	<b>936,214</b>	<b>3,456,672</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>(56,113)</b>	<b>214,057</b>	<b>403,578</b>	<b>(2,484,034)</b>	<b>(1,922,512)</b>
Operating Transfers In	41,005				41,005
Operating Transfers Out	(1,593,242)				(1,593,242)
<b>Net Income (Loss)</b>	<b>(1,608,350)</b>	<b>214,057</b>	<b>403,578</b>	<b>(2,484,034)</b>	<b>(3,474,749)</b>
<b>Beginning Retained Earnings, as Adjusted</b>	<b>5,804,086</b>	<b>2,894,262</b>	<b>15,279,635</b>	<b>5,724,519</b>	<b>29,702,502</b>
<b>Ending Retained Earnings</b>	<b>\$4,195,736</b>	<b>\$3,108,319</b>	<b>\$15,683,213</b>	<b>\$3,240,485</b>	<b>\$26,227,753</b>

**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 1999**

	General Services	Data Processing Services	Group Insurance
<b>Increase (Decrease) in Cash Equity with Treasurer</b>			
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers, Loan Interest, and Fees	\$4,402,078		\$5,316,941
Receipts from State Agency Customers	25,682,980	\$6,145,241	79,843,438
Payments to Suppliers	(12,126,813)	(2,281,552)	(217,498)
Payments to Employees for Services and Benefits	(13,787,710)	(2,760,461)	(214,668)
Payments to State Agency Suppliers	(3,456,518)	(77,367)	(58,538)
Payments of Awards and Claims			(87,327,602)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>714,017</b>	<b>1,025,861</b>	<b>(2,657,927)</b>
<b>Cash Flows from Noncapital Financing Activities</b>			
Operating Transfers In	41,005		
Operating Transfers Out	(1,593,242)		
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(1,552,237)</b>		
<b>Cash Flows from Capital and Related Financing Activities</b>			
Proceeds from Disposition of Capital Assets	11,938		
Acquisition and Construction of Capital Assets	(1,236,692)	(1,417,302)	(20,213)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(1,224,754)</b>	<b>(1,417,302)</b>	<b>(20,213)</b>
<b>Cash Flows from Investing Activities</b>			
Receipt of Interest and Dividends	317,846	73,630	2,177,576
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>317,846</b>	<b>73,630</b>	<b>2,177,576</b>
<b>Net Increase (Decrease) in Cash Equity with Treasurer</b>	<b>(1,745,128)</b>	<b>(317,811)</b>	<b>(500,564)</b>
<b>Beginning Cash Equity with Treasurer</b>	<b>5,528,490</b>	<b>696,819</b>	<b>42,749,110</b>
<b>Ending Cash Equity with Treasurer</b>	<b>\$3,783,362</b>	<b>\$379,008</b>	<b>\$42,248,546</b>

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Risk Management	Total
\$23,125	\$9,742,144
3,350,581	115,022,240
(1,159,112)	(15,784,975)
(314,305)	(17,077,144)
(75,689)	(3,668,112)
(2,664,134)	(89,991,736)
(839,534)	(1,757,583)
	41,005
	(1,593,242)
	(1,552,237)
	11,938
(9,207)	(2,683,414)
(9,207)	(2,671,476)
936,214	3,505,266
936,214	3,505,266
87,473	(2,476,030)
17,097,221	66,071,640
\$17,184,694	\$63,595,610

*State of Idaho*

**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 1999**

	General Services	Data Processing Services	Group Insurance
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	(\$356,654)	\$171,716	(\$1,773,998)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Depreciation	1,254,726	922,453	6,358
(Increase) Decrease in Accounts Receivable, Net	89,213	(5,839)	(208)
(Increase) Decrease in Due from Other Funds	(29,027)	(279,902)	(8)
(Increase) Decrease in Other Assets	(508,331)	(121,649)	
Increase (Decrease) in Accounts Payable and Other Liabilities	201,399	176,785	107,559
Increase (Decrease) in Deferred Revenue	46,536	(1,590)	(273,131)
Increase (Decrease) in Due to Other Funds	(20,962)	14,629	(3,327)
Increase (Decrease) in Compensated Absences	37,117	149,258	4,228
Increase (Decrease) in Policy Claim Liabilities			(725,400)
<b>Total Adjustments</b>	<b>1,070,671</b>	<b>854,145</b>	<b>(883,929)</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$714,017</b>	<b>\$1,025,861</b>	<b>(\$2,657,927)</b>

**Noncash Transactions:**

Noncash transactions are investing and financing activities that affect assets and liabilities but do not result in cash receipts or payments. The following noncash transactions occurred during the year: Data processing services received contributions of fixed assets with a fair market value of \$5,040. General Services acquired fixed assets through capital lease in the amount of \$54,139.

Risk Management	Total
(\$3,420,248)	(\$5,379,184)
	2,183,537
(608,046)	(524,880)
(206,854)	(515,791)
191,106	(438,874)
(329,540)	156,203
	(228,185)
128,834	119,174
4,320	194,923
3,400,894	2,675,494
2,580,714	3,621,601
(\$839,534)	(\$1,757,583)



**TRUST AND AGENCY FUNDS** are fiduciary in nature and are maintained to account for assets held by the State acting in the capacity as trustee or agent. The following provides a brief description of the State's significant trust and agency funds.

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**The TRUST FUNDS:**

**The EXPENDABLE TRUST FUND** pays claims for unemployment to eligible recipients through employer contributions, employer reimbursements, and federal grants.

**The INVESTMENT TRUST FUND** is used to account for the investments of external participants in the Joint Exercise of Powers.

**The NONEXPENDABLE TRUST FUNDS** account for land grants and the sale or lease of such lands received from the federal Enabling Act. The principal in the fund is perpetual with the earnings used to support education, mental health, corrections, and public buildings.

**The PENSION TRUST FUNDS** account for transactions, assets, liabilities, and net assets available for plan benefits of the State's retirement systems.

**The AGENCY FUNDS:**

**Other Custodial** accounts for the receipts and disbursements of monies collected by the State and distributed to other entities. This includes deposits of securities by banks and insurance companies doing business in the State.

**Payroll** accounts for state and federal withholding, social security taxes, and voluntary employee deductions related to the State's payroll.

**The Sick Leave/Insurance Reserve Fund** provides payment of postretirement health insurance premiums on behalf of school districts in Idaho based on unused accumulated sick leave at their retirement date. The Fund accounts for the receipts and disbursements related to the above.

*State of Idaho*
**Combining Balance Sheet**  
**Trust and Agency Funds**  
**June 30, 1999**

	Expendable Trust Fund	Investment Trust Fund		
	Unemployment Compensation	Joint Exercise of Powers	Nonexpendable Trust Funds	Pension Trust Funds
<b>Assets</b>				
Cash Equity with Treasurer	\$16,430,125	\$150,953,284	\$1,279,810	\$1,194,003
Cash and Cash Equivalents	248,217,115			1,451,915
Investments	67,487,286	543,884,511	759,001,985	6,526,064,960
Accounts Receivable, Net	29,759,266		4,193,401	13,312,788
Notes/Mortgages Receivable, Net			2,596,400	
Other Assets	366,895	7,004,503	749,321	113,483,908
Fixed Assets, Net			2,346,176	7,765,969
<b>Total Assets</b>	<b>\$362,260,687</b>	<b>\$701,842,298</b>	<b>\$770,167,093</b>	<b>\$6,663,273,543</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and Other Liabilities	\$183,457	\$3,029,067	\$1,417,345	\$198,523,092
Payroll and Compensated Absences Payable				
Deposits				
Due to Other Entities				
Deferred Revenue	7,132,944			
<b>Total Liabilities</b>	<b>7,316,401</b>	<b>3,029,067</b>	<b>1,417,345</b>	<b>198,523,092</b>
<b>Fund Balances</b>				
Reserved		698,813,231	768,749,748	6,464,750,451
Unreserved	354,944,286			
<b>Total Fund Balances</b>	<b>354,944,286</b>	<b>698,813,231</b>	<b>768,749,748</b>	<b>6,464,750,451</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$362,260,687</b>	<b>\$701,842,298</b>	<b>\$770,167,093</b>	<b>\$6,663,273,543</b>

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Agency Funds	Total
\$19,667,301	\$189,524,523
1,289,010	250,958,040
185,115,909	8,081,554,651
724,963	47,990,418
	2,596,400
	121,604,627
	10,112,145
<u>\$206,797,183</u>	<u>\$8,704,340,804</u>

\$6,236,114	\$209,389,075
16,417	16,417
133,763,248	133,763,248
66,781,404	66,781,404
	7,132,944
<u>206,797,183</u>	<u>417,083,088</u>

	7,932,313,430
	354,944,286
	<u>8,287,257,716</u>
<u>\$206,797,183</u>	<u>\$8,704,340,804</u>

*State of Idaho*
**Combining Balance Sheet**  
**Nonexpendable Trust Funds**  
**June 30, 1999**

	Public School Endowment	Pooled Endowments	Total Endowment
<b>Assets</b>			
Cash Equity with Treasurer	\$1,260,946	\$18,864	\$1,279,810
Investments	521,404,178	237,597,807	759,001,985
Accounts Receivable, Net	3,242,650	950,751	4,193,401
Notes/Mortgages Receivable, Net	2,346,388	250,012	2,596,400
Other Assets	511,920	237,401	749,321
Fixed Assets, Net	1,994,250	351,926	2,346,176
<b>Total Assets</b>	<b>\$530,760,332</b>	<b>\$239,406,761</b>	<b>\$770,167,093</b>
<b>Liabilities and Fund Balance</b>			
<b>Liabilities</b>			
Accounts Payable and Other Liabilities	\$1,417,345		\$1,417,345
<b>Total Liabilities</b>	<b>1,417,345</b>		<b>1,417,345</b>
<b>Fund Balances</b>			
Reserved	529,342,987	\$239,406,761	768,749,748
<b>Total Fund Balances</b>	<b>529,342,987</b>	<b>239,406,761</b>	<b>768,749,748</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$530,760,332</b>	<b>\$239,406,761</b>	<b>\$770,167,093</b>

*State of Idaho*

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**Combining Statement of Revenues, Expenses, and Changes in Fund Balances  
Nonexpendable Trust Funds  
For the Fiscal Year Ended June 30, 1999**

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	Public School Endowment	Pooled Endowments	Total Endowment
<b>Operating Revenues</b>			
Sale of Services, Goods, and Property	\$39,785,490	\$16,765,305	\$56,550,795
<b>Total Operating Revenues</b>	39,785,490	16,765,305	56,550,795
<b>Operating Income (Loss)</b>	39,785,490	16,765,305	56,550,795
<b>Nonoperating Revenues (Expenses)</b>			
Net Inc (Dec) in Fair Value of Investments	(11,131,127)	(4,535,765)	(15,666,892)
<b>Total Nonoperating Revenues (Expenses)</b>	(11,131,127)	(4,535,765)	(15,666,892)
<b>Net Income (Loss)</b>	28,654,363	12,229,540	40,883,903
<b>Fund Balances - Beginning of Year, as Adjusted</b>	500,688,624	227,177,221	727,865,845
<b>Fund Balances - End of Year</b>	\$529,342,987	\$239,406,761	\$768,749,748

*State of Idaho*
**Combining Statement of Cash Flows**  
**Nonexpendable Trust Funds**  
**For the Fiscal Year Ended June 30, 1999**

	Public School Endowment	Pooled Endowments	Total Endowment
<b>Increase (Decrease) in Cash Equity with Treasurer</b>			
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers, Loan Interest, and Fees	\$41,516,149	\$17,161,834	\$58,677,983
<b>Net Cash Provided (Used) by Operating Activities</b>	41,516,149	17,161,834	58,677,983
<b>Cash Flows from Investing Activities</b>			
Receipt of Interest and Dividends	380,681	137,080	517,761
Purchase of Investments	(3,796,189,088)	(1,896,704,750)	(5,692,893,838)
Redemption of Investments	3,755,553,204	1,879,364,670	5,634,917,874
<b>Net Cash Provided (Used) by Investing Activities</b>	(40,255,203)	(17,203,000)	(57,458,203)
Net Increase (Decrease) in Cash Equity with Treasurer	1,260,946	(41,166)	1,219,780
Beginning Cash Equity with Treasurer		60,030	60,030
<b>Ending Cash Equity with Treasurer</b>	\$1,260,946	\$18,864	\$1,279,810

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	Public School Endowment	Pooled Endowments	Total Endowment
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$39,785,490	\$16,765,305	\$56,550,795
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
(Increase) Decrease in Accounts Receivable, Net	1,140,254	361,400	1,501,654
(Increase) Decrease in Notes and Mortgages Receivable	590,405	35,129	625,534
<b>Total Adjustments</b>	<b>1,730,659</b>	<b>396,529</b>	<b>2,127,188</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$41,516,149</b>	<b>\$17,161,834</b>	<b>\$58,677,983</b>

*State of Idaho***Combining Statement of Plan Net Assets  
Pension Trust Funds  
June 30, 1999**

	Public Employee Retirement System of Idaho Plan	Firemen's Retirement Fund	Idaho Super Saver - 401(k) Plan
<b>Assets</b>			
Cash Equity with Treasurer	\$1,124,735		
Cash and Cash Equivalents	1,372,628	\$79,287	
Investments	6,252,429,134	198,503,679	\$14,826,756
Accounts Receivable, Net	12,599,536	546,281	
Other Assets	110,196,928	2,976,563	
Fixed Assets, Net	7,765,969		
<b>Total Assets</b>	<b>\$6,385,488,930</b>	<b>\$202,105,810</b>	<b>\$14,826,756</b>
<b>Liabilities</b>			
Accounts Payable and Other Liabilities	\$192,424,370	\$6,054,069	
<b>Total Liabilities</b>	<b>192,424,370</b>	<b>6,054,069</b>	
<b>Net Assets Held in Trust for Employees' Pension Benefits</b>	<b>\$6,193,064,560</b>	<b>\$196,051,741</b>	<b>\$14,826,756</b>

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Judges' Retirement Fund	Total
\$69,268	\$1,194,003
	1,451,915
60,305,391	6,526,064,960
166,971	13,312,788
310,417	113,483,908
	7,765,969
\$60,852,047	\$6,663,273,543
\$44,653	\$198,523,092
44,653	198,523,092
\$60,807,394	\$6,464,750,451

*State of Idaho*

**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 1999**

	Balance July 1, 1998	Additions	Deductions	Balance June 30, 1999
<b>Other Custodial</b>				
Assets				
Cash Equity with Treasurer	\$22,326,605	\$2,171,595,069	\$2,174,705,232	\$19,216,442
Cash and Cash Equivalents	865,550	2,142,709	1,731,100	1,277,159
Investments	(161,000)	119,326,242		119,165,242
Total Assets	\$23,031,155	\$2,293,064,020	\$2,176,436,332	\$139,658,843
Liabilities				
Accounts Payable and Other Liabilities	\$4,753,914	\$23,854,063	\$22,815,159	\$5,792,818
Deposits	18,159,189	122,158,364	6,554,305	133,763,248
Due to Other Entities	118,052	4,251,981	4,267,256	102,777
Total Liabilities	\$23,031,155	\$150,264,408	\$33,636,720	\$139,658,843
<b>Payroll</b>				
Assets				
Cash Equity with Treasurer	\$105,057	\$930,183,958	\$929,838,156	\$450,859
Total Assets	\$105,057	\$930,183,958	\$929,838,156	\$450,859
Liabilities				
Accounts Payable and Other Liabilities	\$87,840	\$124,518,266	\$124,171,664	\$434,442
Payroll and Compensated Absences Payable	17,217	809,467,783	809,468,583	16,417
Total Liabilities	\$105,057	\$933,986,049	\$933,640,247	\$450,859
<b>Sick Leave/Insurance Reserve</b>				
Assets				
Cash and Cash Equivalents	\$2,236	\$8,594,939	\$8,585,324	\$11,851
Investments	52,346,486	13,604,181		65,950,667
Accounts Receivable, Net	700,511	8,604,821	8,580,369	724,963
Total Assets	\$53,049,233	\$30,803,941	\$17,165,693	\$66,687,481
Liabilities				
Accounts Payable and Other Liabilities	\$6,762	\$34,846	\$32,754	\$8,854
Due to Other Entities	53,042,471	16,717,396	3,081,240	66,678,627
Total Liabilities	\$53,049,233	\$16,752,242	\$3,113,994	\$66,687,481

	Balance July 1, 1998	Additions	Deductions	Balance June 30, 1999
<b>Total for all Agency Funds</b>				
Assets				
Cash Equity with Treasurer	\$22,431,662	\$3,101,779,027	\$3,104,543,388	\$19,667,301
Cash and Cash Equivalents	867,786	10,737,648	10,316,424	1,289,010
Investments	52,185,486	132,930,423		185,115,909
Accounts Receivable, Net	700,511	8,604,821	8,580,369	724,963
Total Assets	\$76,185,445	\$3,254,051,919	\$3,123,440,181	\$206,797,183
Liabilities				
Accounts Payable and Other Liabilities	\$4,848,516	\$148,407,175	\$147,019,577	\$6,236,114
Payroll and Compensated Absences Payable	17,217	809,467,783	809,468,583	16,417
Deposits	18,159,189	122,158,364	6,554,305	133,763,248
Due to Other Entities	53,160,523	20,969,377	7,348,496	66,781,404
Total Liabilities	\$76,185,445	\$1,101,002,699	\$970,390,961	\$206,797,183



**ALL COLLEGE AND UNIVERSITY FUNDS** account for the financial position and operations of the State's colleges and universities in accordance with existing authoritative accounting and reporting principles as prescribed in the AICPA Industry Guide. Accordingly, college and university funds are an aggregation of the following funds:

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**The CURRENT FUNDS** account for resources that will be expended for performing the primary and support objectives of the institution, i.e., instruction, academic support, student services, institutional support, operations and maintenance of plant, scholarships and fellowships, and auxiliary activities.

**STUDENT LOAN FUNDS** account for transactions of related resources obtained and used for loans to students.

**ENDOWMENT FUNDS** account for resources held by the institutions that must be administered in accordance with trust agreements.

**PLANT FUNDS** account for resources available for acquisition, renewal and replacement of institutional properties, resources available to service debt incurred to acquire such properties, and the fixed assets acquired or constructed for use by the institutions.

**AGENCY FUNDS** account for amounts held in custody for students, institution-related organizations, and others.

*State of Idaho***Combining Balance Sheet****All College and University Funds****For the Fiscal Year Ended June 30, 1999**

	Current Funds			Student Loan
	Unrestricted	Auxiliary	Restricted	
<b>Assets</b>				
Cash and Cash Equivalents	\$25,527,906	\$17,144,419	(\$2,179,081)	\$1,965,296
Investments	21,960,979	40,592		790,134
Accounts Receivable, Net	18,199,698	2,440,844	22,120,943	204,450
Due from Other Funds	9,533,761	1,125,772	2,318,914	95,314
Deferred Bond Financing Costs	2,453,749	47,219		
Notes/Mortgages Receivable, Net				20,388,984
Other Assets	2,412,369	3,236,160		400,914
Fixed Assets, Net				
<b>Total Assets</b>	<b>\$80,088,462</b>	<b>\$24,035,006</b>	<b>\$22,260,776</b>	<b>\$23,845,092</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable and Other Liabilities	\$38,014,250	\$4,207,348	\$8,789,865	\$2,065
Deposits	1,281	635,791		115,190
Due to Other Funds	829,515	3,325,472	5,998,671	
Deferred Revenue	7,027,055	1,688,057	18,638	
Notes/Bonds/Contracts Payable				
Capital Leases				
<b>Total Liabilities</b>	<b>45,872,101</b>	<b>9,856,668</b>	<b>14,807,174</b>	<b>117,255</b>
<b>Fund Balances</b>				
Investment in General Fixed Assets				
Reserved				23,727,837
Unreserved	34,216,361	14,178,338	7,453,602	
<b>Total Fund Balances</b>	<b>34,216,361</b>	<b>14,178,338</b>	<b>7,453,602</b>	<b>23,727,837</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$80,088,462</b>	<b>\$24,035,006</b>	<b>\$22,260,776</b>	<b>\$23,845,092</b>

Endowment	Plant	Agency	Total
\$5,183,412	\$51,392,782	\$598,434	\$99,633,168
74,857,967	48,213,632	7,565,834	153,429,138
20,807	126,074	236,826	43,349,642
	625	2,070	13,076,456
	4,712,036		7,213,004
1,524,317			21,913,301
1,729,731	363,244		8,142,418
	887,643,838		887,643,838
\$83,316,234	\$992,452,231	\$8,403,164	\$1,234,400,965
\$260,605	\$4,598,505	\$8,403,164	\$64,275,802
			752,262
2,404,707	518,091		13,076,456
			8,733,750
	192,064,208		192,064,208
	4,599,829		4,599,829
2,665,312	201,780,633	8,403,164	283,502,307
	755,837,472		755,837,472
80,650,922	13,505,334		117,884,093
	21,328,792		77,177,093
80,650,922	790,671,598		950,898,658
\$83,316,234	\$992,452,231	\$8,403,164	\$1,234,400,965



# Component Units



Boise Police Department, ca early 1900's.



**The DISCRETELY PRESENTED COMPONENT UNITS – PROPRIETARY FUNDS** are organizations, which are legally separate from the State of Idaho for which the State is financially accountable, or for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete.

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**The IDAHO HOUSING and FINANCE ASSOCIATION** is empowered by Idaho Code, Title 67, Chapter 62, to issue notes and bonds in furtherance of its purpose of providing safe and sanitary housing for persons of limited income residing in the State of Idaho.

**The PETROLEUM CLEAN WATER TRUST FUND** per Idaho Code, Title 41, Chapter 49, provides pollution liability insurance to eligible owners and operators of petroleum storage tanks.

**The IDAHO LIFE and HEALTH INSURANCE GUARANTY ASSOCIATION** per Idaho Code, Title 41, Chapter 43, is a nonprofit organization formed by the Idaho Life and Health Insurance Guaranty Association Act of 1977. The Act was passed to provide a mechanism for the payment of covered claims under certain insurance policies where the insurer becomes insolvent. The Act applies to direct and supplemental life and health policies and annuity contracts. All insurance companies, which sell the type of insurance covered under the Act, are required to be members of the Association as a condition of their authority to transact insurance business in Idaho.

*State of Idaho***Combining Balance Sheet****Discretely Presented Component Units - Proprietary Funds****June 30, 1999**

	Idaho Housing and Finance Association	Idaho Life and Health Insurance Guaranty Association	Petroleum Clean Water Trust Fund	Total
<b>Assets</b>				
Cash Equity with Treasurer			\$5,075,227	\$5,075,227
Cash and Cash Equivalents	\$29,375,000	\$2,577,203		31,952,203
Investments	382,787,000	7,544,067	37,837,125	428,168,192
Deferred Bond Financing Costs	18,037,000			18,037,000
Notes/Mortgages Receivable, Net	1,207,778,000			1,207,778,000
Other Assets	2,000,000	69,341	419,389	2,488,730
Fixed Assets, Net	9,025,000	496	32,294	9,057,790
<b>Total Assets</b>	<b>\$1,649,002,000</b>	<b>\$10,191,107</b>	<b>\$43,364,035</b>	<b>\$1,702,557,142</b>
<b>Liabilities and Fund Equity</b>				
<b>Liabilities</b>				
Accounts Payable and Other Liabilities	\$5,248,000	\$398,334	\$1,836,084	\$7,482,418
Deposits	14,063,000			14,063,000
Deferred Revenue		4,266		4,266
Notes/Bonds/Contracts Payable	1,493,308,000			1,493,308,000
Policy Claim Liabilities		225,132	4,251,760	4,476,892
<b>Total Liabilities</b>	<b>1,512,619,000</b>	<b>627,732</b>	<b>6,087,844</b>	<b>1,519,334,576</b>
<b>Fund Equity</b>				
Retained Earnings				
Reserved	52,853,000			52,853,000
Unreserved	83,530,000	9,563,375	37,276,191	130,369,566
<b>Total Fund Equity</b>	<b>136,383,000</b>	<b>9,563,375</b>	<b>37,276,191</b>	<b>183,222,566</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$1,649,002,000</b>	<b>\$10,191,107</b>	<b>\$43,364,035</b>	<b>\$1,702,557,142</b>

*State of Idaho*

**Combining Statement of Revenues, Expenses, and Changes in Retained Earnings**  
**Discretely Presented Component Units - Proprietary Funds**  
**For the Fiscal Year Ended June 30, 1999**

	Idaho Housing and Finance Association	Idaho Life and Health Insurance Guaranty Association	Petroleum Clean Water Trust Fund	Total
<b>Operating Revenues</b>				
Licenses, Permits, and Fees	\$6,804,000		\$1,873,601	\$8,677,601
Sale of Services, Goods, and Property		\$39,401		39,401
Interest and Other Investment Income	78,438,000			78,438,000
Miscellaneous Income	612,000	1,470,379	92,096	2,174,475
<b>Total Operating Revenues</b>	<b>85,854,000</b>	<b>1,509,780</b>	<b>1,965,697</b>	<b>89,329,477</b>
<b>Operating Expenses</b>				
Personnel Costs	4,202,000	78,972		4,280,972
Services	3,006,000	60,367	1,969,312	5,035,679
Insurance, Utilities, and Rent		11,720		11,720
Miscellaneous	716,000	146,755		862,755
Depreciation	746,000	574	3,482	750,056
Awards and Claims		299,572	1,981,088	2,280,660
<b>Total Operating Expenses</b>	<b>8,670,000</b>	<b>597,960</b>	<b>3,953,882</b>	<b>13,221,842</b>
<b>Operating Income (Loss)</b>	<b>77,184,000</b>	<b>911,820</b>	<b>(1,988,185)</b>	<b>76,107,635</b>
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income		637,206		637,206
Investment Income	16,828,000		2,709,072	19,537,072
Net Inc (Dec) in Fair Value of Investments	(5,909,000)	(42,654)	(213,853)	(6,165,507)
Interest Expense	(82,370,000)			(82,370,000)
Other	(1,622,000)			(1,622,000)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(73,073,000)</b>	<b>594,552</b>	<b>2,495,219</b>	<b>(69,983,229)</b>
<b>Net Income (Loss)</b>	<b>4,111,000</b>	<b>1,506,372</b>	<b>507,034</b>	<b>6,124,406</b>
<b>Beginning Retained Earnings, as Adjusted</b>	<b>132,272,000</b>	<b>8,057,003</b>	<b>36,769,157</b>	<b>177,098,160</b>
<b>Ending Retained Earnings</b>	<b>\$136,383,000</b>	<b>\$9,563,375</b>	<b>\$37,276,191</b>	<b>\$183,222,566</b>

# State of Idaho

## Combining Statement of Cash Flows Discretely Presented Component Units - Proprietary Funds For the Fiscal Year Ended June 30, 1999

	Idaho Housing and Finance Association	Idaho Life and Health Insurance Guaranty Association	Petroleum Clean Water Trust Fund	Total
<b>Increase (Decrease) in Cash, Cash Equivalents, and Cash Equity with Treasurer</b>				
<b>Cash Flows from Operating Activities</b>				
Receipts from Customers, Loan Interest, and Fees	\$84,033,000	\$1,447,805	\$1,962,313	\$87,443,118
Loan Principal Payments	162,339,000			162,339,000
Payments to Suppliers	(1,239,000)	(89,561)	(1,975,466)	(3,304,027)
Payments to Employees for Services and Benefits	(4,202,000)	(78,972)		(4,280,972)
Payments of Awards and Claims		(5,479,008)	(1,981,088)	(7,460,096)
Loan Principal Additions	(235,851,000)			(235,851,000)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>5,080,000</b>	<b>(4,199,736)</b>	<b>(1,994,241)</b>	<b>(1,113,977)</b>
<b>Cash Flows from Noncapital Financing Activities</b>				
Deferred Bond Financing Cost	(3,287,000)			(3,287,000)
Interest Paid	(79,099,000)			(79,099,000)
Payment of Bonds	(145,476,000)			(145,476,000)
Bonds Issued	256,265,000			256,265,000
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>28,403,000</b>			<b>28,403,000</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from Disposition of Capital Assets			49	49
Acquisition and Construction of Capital Assets	(668,000)			(668,000)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(668,000)</b>		<b>49</b>	<b>(667,951)</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of Investments	(1,300,352,000)	(3,885,084)	(28,734,889)	(1,332,971,973)
Redemption of Investments	1,250,589,000	9,339,000	31,125,013	1,291,053,013
Investment Income			2,705,688	2,705,688
Other Investing Activities	16,234,000	725,439		16,959,439
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(33,529,000)</b>	<b>6,179,355</b>	<b>5,095,812</b>	<b>(22,253,833)</b>
<b>Net Increase (Decrease) in Cash, Cash Equivalents, and Cash Equity with Treasurer</b>	<b>(714,000)</b>	<b>1,979,619</b>	<b>3,101,620</b>	<b>4,367,239</b>
<b>Beginning Cash, Cash Equivalents, and Cash Equity with Treasurer</b>	<b>30,089,000</b>	<b>597,584</b>	<b>1,973,607</b>	<b>32,660,191</b>
<b>Ending Cash, Cash Equivalents, and Cash Equity with Treasurer</b>	<b>\$29,375,000</b>	<b>\$2,577,203</b>	<b>\$5,075,227</b>	<b>\$37,027,430</b>

	Idaho Housing and Finance Association	Idaho Life and Health Insurance Guaranty Association	Petroleum Clean Water Trust Fund	Total
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$77,184,000	\$911,820	(\$1,988,185)	\$76,107,635
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Amortization of Deferred Loan Discounts	(2,230,000)			(2,230,000)
Depreciation	746,000	574	3,482	750,056
(Increase) Decrease in Accounts Receivable, Net	(216,000)			(216,000)
(Increase) Decrease in Notes and Mortgages Receivable	162,339,000			162,339,000
(Increase) Decrease in Other Assets	1,767,000		199,594	1,966,594
(Increase) Decrease in Customer Loan Principal	(235,851,000)			(235,851,000)
Increase (Decrease) in Accounts Payable and Other Liabilities		(5,112,130)	85,797	(5,026,333)
Increase (Decrease) in Interest Payable	716,000			716,000
Increase (Decrease) in Deposits	625,000			625,000
Increase (Decrease) in Policy Claim Liabilities			(294,929)	(294,929)
<b>Total Adjustments</b>	<b>(72,104,000)</b>	<b>(5,111,556)</b>	<b>(6,056)</b>	<b>(77,221,612)</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$5,080,000</b>	<b>(\$4,199,736)</b>	<b>(\$1,994,241)</b>	<b>(\$1,113,977)</b>



# Statistical Section



Parade through downtown Boise, ca 1916 - 1917.



## Schedule 1 - Revenues by Source

General Governmental Revenues

Fiscal Years 1993-1999

	%	1999	1998	1997	1996	1995	1994	1993*
Sales Taxes	19.96%	\$712,313,789	\$663,853,087	\$623,959,683	\$605,411,579	\$575,751,536	\$541,502,894	\$481,357,865
Individual & Corp. Income Taxes	31.08%	1,109,126,415	1,053,058,815	971,289,474	947,764,467	877,443,490	774,013,653	692,813,852
Other Taxes	10.80%	385,481,193	377,753,377	368,926,269	303,609,358	424,512,185	414,493,763	370,835,449
Licenses, Permits, & Fees	4.71%	168,189,480	158,195,562	143,406,694	151,296,763	141,958,958	123,267,206	105,966,763
Sales of Services, Goods, & Property	2.31%	82,273,470	65,628,212	42,817,941	44,156,317	42,555,089	38,991,497	23,669,227
Grants & Contributions	26.35%	940,359,689	903,019,402	895,013,029	805,440,878	724,364,466	676,788,795	634,969,669
Interest & Other Invest. Income	2.90%	103,305,156	97,611,588	80,233,205	72,386,195	63,264,871	22,190,217	24,082,507
Rent and Lease Income	0.41%	14,723,246	13,511,766	12,320,261	5,155,123	6,998,254	11,173,620	10,771,374
Miscellaneous Income	1.48%	52,756,713	57,195,065	41,997,956	89,625,995	95,064,332	121,591,734	88,297,287
<b>TOTAL REVENUES</b>	<b>100.00%</b>	<b>\$3,568,529,151</b>	<b>\$3,389,826,874</b>	<b>\$3,179,964,512</b>	<b>\$3,024,846,675</b>	<b>\$2,951,913,181</b>	<b>\$2,724,013,379</b>	<b>\$2,432,763,993</b>

This schedule was prepared on a budgetary basis for years prior to 1996 and on a GAAP basis for 1996-1999.

\* The State of Idaho converted to a new accounting system that was fully implemented in FY 93. Comparable information for prior years is not available.

## Schedule 2 - Expenditures by Function

General Governmental Expenditures

Fiscal Years 1993-1999

	%	1999	1998	1997	1996	1995	1994	1993*
General Government	10.54%	\$378,707,943	\$413,320,914	\$383,209,137	\$350,097,056	\$358,242,784	\$316,548,733	\$300,495,156
Public Safety & Corrections	5.31%	190,624,680	174,167,058	157,465,319	137,896,622	128,787,631	104,678,504	95,926,701
Agriculture & Econ. Development	4.34%	156,068,706	144,528,919	137,852,628	111,593,306	141,439,539	120,435,892	119,022,911
Natural Resources	3.25%	116,564,327	108,869,327	110,698,917	113,096,458	139,543,089	114,435,265	102,221,944
Health & Human Services	23.26%	835,527,706	772,569,087	736,386,951	698,069,406	637,770,958	566,482,282	563,747,114
Education	31.58%	1,134,474,508	1,005,488,377	989,014,311	938,745,436	999,299,701	1,036,956,975	969,223,655
Transportation	6.92%	248,535,707	224,352,261	251,156,403	199,094,940	383,907,339	311,694,499	293,952,674
Capital Outlay**	9.03%	324,187,547	266,672,080	258,696,798	251,088,976			
Intergovernmental**	5.77%	207,332,229	220,346,150	189,671,236	197,942,396			
<b>TOTAL EXPENDITURES</b>	<b>100.00%</b>	<b>\$3,592,023,353</b>	<b>\$3,330,314,173</b>	<b>\$3,214,151,700</b>	<b>\$2,997,624,596</b>	<b>\$2,788,991,041</b>	<b>\$2,571,232,150</b>	<b>\$2,444,590,155</b>

This schedule was prepared on a budgetary basis for years prior to 1996 and on a GAAP basis for 1996-1999.

\* The State of Idaho converted to a new accounting system that was fully implemented in FY 93. Comparable information for prior years is not available.

\*\* Classification structure changed in FY 96 and data from prior years for these new classifications is not available.

### Schedule 3 - Property Taxes by Taxing District and Category of Property

The State of Idaho does not levy property taxes. Information is for other taxing entities within the State.

#### Property Taxes by Taxing District

Tax Levy Years 1991-1998 (dollars in millions)

	1998	1997	1996	1995*	1994	1993	1992	1991
County	\$188.8	\$180.4	\$172.7	\$162.3	\$155.3	\$146.9	\$134.9	\$118.3
City	169.0	159.2	149.1	136.8	127.3	116.5	109.6	100.6
School	346.6	327.7	301.2	277.0	285.3	253.1	233.9	217.9
Roads/Highways	44.8	42.3	40.6	38.8	36.2	34.2	33.5	31.7
Community College	9.3	9.0	9.8	9.5	9.4	8.7	7.4	6.6
All Others	48.5	45.1	41.6	39.8	38.1	33.8	30.3	27.6
<b>Total Tax</b>	<b>\$807.0</b>	<b>\$763.7</b>	<b>\$715.0</b>	<b>\$664.2</b>	<b>\$651.6</b>	<b>\$593.2</b>	<b>\$549.6</b>	<b>\$502.7</b>

#### Property Taxes by Category of Property

Tax Levy Years 1991-1998

	1998	1997	1996	1995*	1994	1993	1992	1991
Residential	54.4 %	54.8 %	54.9 %	54.4 %	52.1 %	50.3 %	49.3 %	47.9 %
Commercial/Industrial	31.2 %	30.4 %	30.0 %	30.2 %	31.0 %	32.3 %	32.6 %	33.1 %
Agricultural	6.5 %	6.6 %	6.8 %	7.3 %	8.0 %	8.5 %	9.1 %	9.5 %
Timber	1.7 %	1.6 %	1.5 %	1.4 %	1.5 %	1.2 %	1.1 %	1.1 %
Mining	0.3 %	0.3 %	0.3 %	0.3 %	0.2 %	0.4 %	0.4 %	0.8 %
Operating	5.9 %	6.3 %	6.5 %	6.4 %	7.2 %	7.3 %	7.5 %	7.6 %
<b>Total</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

Urban	60.8 %	60.3 %	60.6 %	59.7 %	58.9 %	59.4 %	59.1 %	58.3 %
Rural	39.2 %	39.7 %	39.4 %	40.3 %	41.1 %	40.6 %	40.9 %	41.7 %

% Change Total Tax Collections	5.7 %	6.8 %	7.6 %	1.9 %	9.8 %	8.0 %	9.3 %	9.1 %
Amount Tax Collections (millions)	\$807.0	\$763.7	\$715.0	\$664.2	\$651.6	\$593.2	\$549.5	\$502.7
Amount Market Value (billions)	\$55.5	\$52.9	\$48.8	\$44.2	\$38.7	\$34.7	\$31.5	\$29.5
Average Tax Rate	1.445 %	1.444 %	1.466 %	1.502 %	1.683 %	1.708 %	1.744 %	1.702 %

\*HB156 became law in 1995. This included \$40.8M of school Maintenance and Operations (M&O) property tax relief as a result of reducing the maximum M&O tax rate from .4% to .3%. Also other local M&O taxing district budgets were capped at a 3% increase plus the previous year's M&O tax rate times the taxable value of any new construction. The school tax relief was paid by state sales tax collections.

Source: Associated Taxpayers of Idaho

## Schedule 4 - State Sales Tax Revenues

Fiscal Years 1990 -1999 (dollars in millions)

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
<b>Total Sales</b>	\$38,350	\$36,572	\$34,900	\$32,338	\$29,615	\$26,911	\$24,866	\$22,277	\$20,240	\$19,058
<b>Nontaxable</b>	25,100	24,398	23,230	21,167	18,992	16,834	15,936	14,142	12,714	11,938
<b>Net Taxable</b>	13,250	12,174	11,670	11,171	10,623	10,077	8,930	8,135	7,526	7,120
<b>Use Tax</b>	844	795	764	802	768	670	654	536	502	489
<b>Total Taxable</b>	\$14,094	\$12,969	\$12,434	\$11,973	\$11,391	\$10,747	\$9,584	\$8,671	\$8,028	\$7,609
<b>Tax Amount Received</b>	\$700	\$652	\$624	\$600	\$574	\$540	\$475	\$421	\$398	\$374

Source: Idaho State Tax Commission

## Schedule 5 - Total Resident Population and Components of Change

Calendar Years 1990 -1999

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
<b>Population (in thousands)</b>	1,251.9	1,231.0	1,211.0	1,186.7	1,159.9	1,131.0	1,098.4	1,068.1	1,037.5	1,010.7
<b>Population % Change</b>	1.7 %	1.7 %	2.0 %	2.3 %	2.6 %	3.0 %	2.8 %	2.9 %	2.7 %	1.4 %
<b>Births Number</b>	19,706	19,188	18,599	18,482	17,915	17,690	17,575	17,197	16,741	16,423
<b>Deaths Number</b>	9,260	9,105	8,953	8,679	8,553	8,478	8,277	7,887	7,644	7,358
<b>Net Migration Number</b>	10,481	9,966	14,572	16,982	19,563	23,411	20,977	21,365	17,628	4,984

Note: 1999 numbers are estimates.

Source: Division of Financial Management, Economic Analysis Bureau, Vol. XXI, No. 4, October, 1999

## Schedule 6 - Residential Building Activity

### Housing Starts

Calendar Years 1990 -1999

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
<b>Idaho</b>	10,125	10,113	8,862	9,214	9,360	12,767	11,457	9,583	6,600	5,831
<b>% Change</b>	0.1 %	14.1 %	(3.8)%	(1.6)%	(26.7)%	11.4 %	19.6 %	45.2 %	13.2 %	24.8 %
<b>National (millions)</b>	1.668	1.623	1.476	1.469	1.361	1.446	1.292	1.201	1.009	1.203
<b>% Change</b>	2.8 %	10.0 %	0.5 %	7.9 %	(5.9)%	12.0 %	7.6 %	19.0 %	(16.1)%	(13.0)%

Note: 1999 numbers are estimates.

Source: Division of Financial Management, Economic Analysis Bureau, Vol. XXI, No. 4, October, 1999

Schedule 7 - Domestic Financial Institutions Deposits

Calendar Years 1991-1998 (dollars in thousands)

Institution Type	No. of Branches	1998	1997	1996	1995	1994	1993	1992	1991
Banks	330	\$8,797,811	\$8,549,643	\$9,129,082	\$9,014,815	\$8,447,918	\$7,872,072	\$7,493,972	\$7,246,733
Savings & Loans	56	1,027,538	911,840	898,827	854,042	860,648	865,864	869,357	824,832
Credit Unions	81	1,202,512	1,190,898	1,129,960	1,004,723	966,977	913,315	891,843	821,089
FDIC Savings Banks	14	171,633	48,718	21,296	821	-	-	-	-
Total for Idaho	481	\$11,199,494	\$10,701,099	\$11,179,165	\$10,874,401	\$10,275,543	\$9,651,251	\$9,255,172	\$8,892,654

Source: 1999/Sheshunoff Information Services, Inc.

Schedule 8 - Ten Largest Private Employers in Idaho

Dec 1, 1998

Major Idaho Employers	Employees
Albertsons, Inc.	Over 5,000
Lockheed Idaho Martin Technologies Co.	Over 5,000
Micron Technology	Over 5,000
Hewlett-Packard Co.	3,000-5,000
J.R. Simplot Co.	3,000-5,000
Potlatch Corporation	3,000-5,000
Boise Cascade	1,500-3,000
First Security Bank of Idaho	1,500-3,000
Fred Meyer Shopping Centers	1,500-3,000
Micron Electronics	1,500-3,000

Source: Idaho Department of Labor

Schedule 9 - Employment Comparison

Calendar Years 1989-1998

	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
Idaho Civilian Labor Force	653,056	633,600	619,304	601,194	591,463	547,678	531,994	508,687	492,619	489,000
% Change	3.1 %	2.3 %	3.0 %	1.6 %	8.0 %	2.9 %	4.6 %	3.3 %	0.7 %	2.1 %
U.S. Civilian Labor Force										
(in thousands)	137,673	136,297	133,943	132,304	131,056	129,200	128,105	126,346	125,840	123,869
% Change	1.0 %	1.8 %	1.2 %	1.0 %	1.4 %	0.9 %	1.4 %	0.4 %	1.6 %	1.8 %
Idaho Employment	620,217	599,800	586,874	568,801	558,589	513,653	497,343	477,070	463,484	464,000
%Change	3.4 %	2.2 %	3.2 %	1.8 %	8.7 %	3.3 %	4.2 %	2.9 %	(0.1)%	2.9 %
U.S. Employment										
(in thousands)	131,463	129,558	126,708	124,900	123,060	120,259	118,492	117,718	118,793	117,342
% Change	1.5 %	2.2 %	1.4 %	1.5 %	2.3 %	1.5 %	0.7 %	(0.9)%	1.2 %	2.1 %

Source: Bureau of Labor Statistics, Idaho Department of Labor

## Schedule 10 - Labor Force and Employment by Sector

Calendar Years 1989-1998

	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
<b>Resident Civilian Labor Force and Employment in Idaho</b>										
Civilian Labor Force	653,056	633,600	619,304	601,194	591,463	547,678	531,994	508,687	492,619	489,000
Unemployment	32,839	33,800	32,430	32,393	32,874	34,025	34,651	31,617	29,135	25,000
<b>Net Employment</b>	<b>620,217</b>	<b>599,800</b>	<b>586,874</b>	<b>568,801</b>	<b>558,589</b>	<b>513,653</b>	<b>497,343</b>	<b>477,070</b>	<b>463,484</b>	<b>464,000</b>
Unemployment Percentage Rate	5.0 %	5.3 %	5.2 %	5.4 %	5.6 %	6.2 %	6.5 %	6.2 %	5.9 %	5.1 %
<b>Nonagricultural Wage and Salary Workers Employed in Idaho</b>										
<b>Goods Producing Industries</b>										
Mining	2,902	3,068	3,067	2,725	2,423	2,198	2,603	3,076	3,873	3,677
Construction	32,228	31,870	30,615	29,642	29,017	24,699	22,153	20,152	18,760	16,119
Manufacturing-Durable Goods	47,171	45,567	44,063	42,111	40,615	37,482	34,775	33,143	34,041	32,184
Manufacturing-Nondurable Goods	28,941	29,012	28,831	28,907	31,256	31,759	30,963	30,082	28,827	28,402
<b>Total Goods Producing Industries</b>	<b>111,242</b>	<b>109,517</b>	<b>106,576</b>	<b>103,385</b>	<b>103,311</b>	<b>96,138</b>	<b>90,494</b>	<b>86,453</b>	<b>85,501</b>	<b>80,382</b>
<b>Service Producing Industries</b>										
Transportation, Comm., and Utilit.	25,497	24,271	23,409	22,707	21,882	20,880	20,341	20,029	19,790	19,262
Trade	132,620	129,197	125,199	121,408	116,708	109,395	105,916	101,000	97,092	93,129
Finance, Insurance, and Real Estate	22,930	25,430	25,183	24,981	24,108	22,759	21,474	20,624	19,836	19,299
Service	128,782	122,515	116,019	110,130	102,853	97,234	90,399	85,637	81,772	76,202
State and Local Government	87,715	84,983	82,582	81,693	79,040	76,839	74,524	71,432	68,362	65,188
Federal Government	12,796	12,901	12,895	13,109	13,486	13,572	13,456	12,908	13,051	12,708
<b>Total Service Producing Industries</b>	<b>410,340</b>	<b>399,297</b>	<b>385,287</b>	<b>374,028</b>	<b>358,077</b>	<b>340,679</b>	<b>326,110</b>	<b>311,630</b>	<b>299,903</b>	<b>285,788</b>
<b>Nonfarm Wage &amp; Salary Employment</b>	<b>521,582</b>	<b>508,814</b>	<b>491,863</b>	<b>477,413</b>	<b>461,388</b>	<b>436,817</b>	<b>416,604</b>	<b>398,083</b>	<b>385,404</b>	<b>366,170</b>

Source: Idaho Department of Labor

## Schedule 11 - Average Annual Wage

Calendar Years 1990 -1999

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
<b>Idaho</b>	\$27,100	\$25,790	\$24,798	\$24,106	\$23,628	\$22,748	\$21,980	\$21,472	\$20,549	\$19,755
<b>% Change</b>	5.1 %	4.0 %	2.9 %	2.0 %	3.9 %	3.5 %	2.4 %	4.5 %	4.0 %	4.6 %
<b>National</b>	\$34,327	\$32,987	\$31,709	\$30,362	\$29,257	\$28,393	\$27,912	\$27,501	\$26,120	\$25,205
<b>% Change</b>	4.1 %	4.0 %	4.4 %	3.8 %	3.0 %	1.7 %	1.5 %	5.3 %	3.6 %	4.7 %

Note: 1999 numbers are estimates.

Source: Division of Financial Management, Economic Analysis Bureau, Vol. XXI, No. 4, October, 1999

## Schedule 12 - Personal Income Comparison

### Idaho vs. National

Calendar Years 1990 -1999

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
<b>In Current Dollars</b>										
Idaho (millions)	\$27,480	\$25,901	\$24,651	\$23,418	\$22,062	\$20,628	\$19,591	\$17,765	\$16,313	\$15,551
% Change	6.1 %	5.1 %	5.3 %	6.1 %	7.0 %	5.9 %	10.3 %	8.9 %	4.9 %	9.4 %
National (billions)	\$7,483	\$7,126	\$6,784	\$6,425	\$6,072	\$5,758	\$5,481	\$5,266	\$4,982	\$4,804
% Change	5.0 %	5.0 %	5.6 %	5.8 %	5.5 %	5.1 %	4.1 %	5.7 %	3.7 %	6.7 %
<b>In 1992 Dollars</b>										
Idaho (millions)	\$24,012	\$22,981	\$22,047	\$21,336	\$20,509	\$19,615	\$19,080	\$17,763	\$16,848	\$16,737
% Change	4.5 %	4.2 %	3.3 %	4.0 %	4.6 %	3.4 %	7.4 %	5.4 %	0.7 %	4.1 %
National (billions)	\$6,539	\$6,323	\$6,068	\$5,854	\$5,645	\$5,476	\$5,339	\$5,266	\$5,145	\$5,171
% Change	3.4 %	4.2 %	3.6 %	3.7 %	3.1 %	2.6 %	1.4 %	2.3 %	(0.5)%	1.6 %

Note: 1999 numbers are estimates.

Source: Division of Financial Management, Economic Analysis Bureau, Vol. XXI, No. 4, October, 1999

### Schedule 13 - Personal Income by Component

Calendar Years 1990 -1999 (dollars in millions)

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
<b>Total Personal Income</b>	\$27,480	\$25,901	\$24,651	\$23,418	\$22,062	\$20,628	\$19,475	\$17,700	\$16,267	\$15,528
<b>% Change</b>	6.1 %	5.1 %	5.3 %	6.1 %	7.0 %	5.9 %	10.0 %	8.8 %	4.8 %	9.3 %
Wage and Salaries	15,042	13,995	13,116	12,336	11,742	10,926	9,994	9,309	8,531	7,969
% Change	7.5 %	6.7 %	6.3 %	5.1 %	7.5 %	9.3 %	7.4 %	9.1 %	7.0 %	10.0 %
Farm Proprietors Income	267	266	354	463	379	365	914	606	604	774
% Change	0.6 %	(24.8)%	(23.7)%	22.3 %	3.7 %	(60.0)%	50.7 %	0.4 %	(22.0)%	13.0 %
Nonfarm Proprietors Income	3,128	2,885	2,704	2,519	2,408	2,307	2,071	1,775	1,478	1,530
% Change	8.4 %	6.7 %	7.3 %	4.6 %	4.4 %	11.4 %	16.7 %	20.2 %	(3.4)%	5.0 %
Dividends, Rent, Interest	4,453	4,295	4,166	3,920	3,583	3,303	3,007	2,814	2,773	2,680
% Change	3.7 %	3.1 %	6.3 %	9.4 %	8.5 %	9.8 %	6.9 %	1.5 %	3.5 %	7.0 %
Other Labor Income	1,421	1,360	1,329	1,322	1,365	1,361	1,218	1,088	964	867
% Change	4.5 %	2.3 %	0.5 %	(3.1)%	0.3 %	11.7 %	12.0 %	12.8 %	11.2 %	14.8 %
Govt. Transfers to Individuals	4,308	4,154	3,991	3,814	3,510	3,222	3,038	2,790	2,539	2,278
% Change	3.7 %	4.1 %	4.6 %	8.7 %	8.9 %	6.0 %	8.9 %	9.9 %	11.5 %	9.2 %
Contribution for Social Insurance	1,428	1,329	1,257	1,169	1,109	1,017	919	850	787	719
% Change	7.4 %	5.8 %	7.5 %	5.4 %	9.1 %	10.6 %	8.2 %	8.0 %	9.4 %	8.8 %
Residence Adjustment	289	277	248	212	185	161	151	167	165	150
% Change	4.2 %	11.6 %	17.0 %	14.7 %	15.1 %	6.6 %	(9.9)%	1.2 %	10.0 %	15.6 %

Note: 1999 numbers are estimates.

Source: Division of Financial Management, Economic Analysis Bureau, Vol. XXI, No. 4, October, 1999

## Schedule 14 - Per Capita Personal Income Comparison Idaho vs. National

Calendar Years 1990-1999

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
<b>In Current Dollars</b>										
Idaho	\$21,949	\$21,040	\$20,355	\$19,732	\$19,018	\$18,236	\$17,727	\$16,569	\$15,679	\$15,363
% Change	4.3 %	3.4 %	3.2 %	3.8 %	4.3 %	2.9 %	7.0 %	5.7 %	2.1 %	7.8 %
National	\$27,421	\$26,337	\$25,295	\$24,177	\$23,058	\$22,069	\$21,212	\$20,589	\$19,688	\$19,196
% Change	4.1 %	4.1 %	4.6 %	4.9 %	4.5 %	4.0 %	3.0 %	4.6 %	2.6 %	5.6 %
<b>In 1992 Dollars</b>										
Idaho	\$19,180	\$18,667	\$18,206	\$17,979	\$17,681	\$17,342	\$17,266	\$16,569	\$16,194	\$16,536
% Change	2.7 %	2.5 %	1.3 %	1.7 %	2.0 %	0.4 %	4.2 %	2.3 %	(2.1)%	2.6 %
National	\$23,961	\$23,369	\$22,624	\$22,029	\$21,437	\$20,988	\$20,661	\$20,553	\$20,274	\$20,624
% Change	2.5 %	3.3 %	2.7 %	2.8 %	2.1 %	1.6 %	0.5 %	1.4 %	(1.7)%	0.5 %

Note: 1999 numbers are estimates.

Source: Division of Financial Management, Economic Analysis Bureau, Vol. XXI, No. 4, October, 1999

## Schedule 15 - Full-Time Equivalent Positions - State Employees

Fiscal Years 1990-1999

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
State Board of Education	4,809	4,757	4,692	4,683	4,605	4,502	4,436	4,383	4,252	4,077
Department of Health and Welfare	3,624	3,621	3,623	3,657	4,105	4,073	3,856	3,804	3,163	2,853
Idaho Transportation Department	1,784	1,745	1,813	1,811	1,820	1,814	1,812	1,781	1,773	1,758
Department of Correction	1,362	1,312	1,109	1,150	1,078	1,046	922	899	883	752
Executive Office of the Governor *	470	680	666	652	650	656	636	623	595	557
Department of Fish and Game	500	501	505	523	523	521	526	486	476	440
Department of Law Enforcement	496	494	488	486	489	486	489	495	471	454
Department of Revenue and Taxation	419	378	378	376	375	372	370	381	369	352
All Other	2,494	2,473	2,408	2,368	2,160	2,123	2,095	2,058	1,926	1,880
<b>State Total</b>	<b>15,958</b>	<b>15,961</b>	<b>15,682</b>	<b>15,706</b>	<b>15,805</b>	<b>15,593</b>	<b>15,142</b>	<b>14,910</b>	<b>13,908</b>	<b>13,123</b>

Source: Executive Budget FY 2000, FY 1999, FY 1997, FY 1995, FY 1993

\* State Insurance is no longer included under the Executive Office of the Governor due to a change in Idaho Code

## Schedule 16 - Public School Enrollment Grades K-12

Academic Years 1989/90 - 1998/99

	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90
Elementary	131,018	130,080	129,525	129,570	129,031	128,339	126,562	124,959	125,782	124,209
Secondary	113,605	114,323	115,727	113,627	111,417	108,435	105,106	100,721	96,887	93,060
Total All Grades	244,623	244,403	245,252	243,197	240,448	236,774	231,668	225,680	222,669	217,269

\* Starting in academic year 1997/98 the reporting date changed from the last Friday in September to the first Friday in November.

Source: Idaho Department of Education

## Schedule 17 - Public Higher Education Enrollment

Student Headcount (Calendar Years 1990-1999)

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Boise State University	16,209	15,744	15,467	15,137	14,969	15,099	15,296	14,908	14,254	13,529
Idaho State University	12,650	12,232	11,870	12,139	12,027	11,875	10,781	10,755	10,048	9,139
University of Idaho	11,305	11,437	11,027	11,133	11,727	11,730	11,543	11,448	10,941	10,544
Lewis-Clark State College	2,815	2,972	3,008	2,967	3,118	3,330	3,226	3,029	2,816	2,667
Total Colleges and Universities	42,979	42,385	41,372	41,376	41,841	42,034	40,846	40,140	38,059	35,879
College of Southern Idaho	5,056	4,871	4,872	4,270	4,359	4,108	3,820	3,523	3,128	2,827
North Idaho College	3,894	3,469	3,597	3,610	3,276	3,317	3,339	3,074	3,093	2,989
Total Community Colleges	8,950	8,340	8,469	7,880	7,635	7,425	7,159	6,597	6,221	5,816
Eastern Idaho Technical College	653	601	540	374	409	368	297	339	327	315
Total System	52,582	51,326	50,381	49,630	49,885	49,827	48,302	47,076	44,607	42,010

Note: Total Headcount includes academic full-time, academic part-time, and vocational.

Source: Idaho State Board of Education

## Schedule 18 - Number of Teachers, Average Salary, and Number of High School Graduates

Academic Years 1988 -1997

	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
<b>Number of Teachers<sup>1</sup></b>										
Elementary	6.7	6.6	6.5	6.3	6.2	6.1	6.1	5.9	5.6	5.4
Secondary	6.4	6.2	6.1	5.7	5.6	5.5	5.1	5.2	4.9	4.9
Total	13.1	12.8	12.6	12.0	11.8	11.6	11.2	11.1	10.5	10.3
<b>Average Annual Teacher's Salary<sup>2</sup></b>										
Elementary	\$31.8	\$30.8	\$29.7	\$27.6	\$26.8	\$26.0	\$25.0	\$23.4	\$22.3	\$22.0
Secondary	\$31.9	\$31.0	\$29.9	\$27.9	\$27.2	\$26.8	\$26.0	\$24.3	\$23.4	\$23.6
All Teachers	\$31.8	\$30.9	\$29.8	\$27.8	\$27.0	\$26.4	\$25.5	\$23.9	\$22.9	\$22.8
<b>Rank Among All States<sup>3</sup></b>	40	41	42	45	46	47	45	45	44	44
<b>Number of High School Graduates<sup>4</sup></b>	15.6 <sup>a</sup>	14.5 <sup>a</sup>	14.2	13.3	13.0	12.7	12.0	12.0	12.5	12.4

<sup>1</sup>In thousands

<sup>2</sup>In thousands of dollars

<sup>3</sup>Includes Washington D.C.

<sup>4</sup>Estimate

Source: Statistical Abstract of the United States 1988 -1997

## Schedule 19 - 1998 School District Information

School District Size	Number of Districts	Total Enrollment	Student-Teacher Ratio	Expenditure Per Student*
Over 5,000 Students	12	128,098	19.1	\$4,414
2,500 to 4,999 Students	14	50,156	18.4	4,321
1,000 to 2,499 Students	29	43,634	17.9	4,412
500 to 999 Students	20	13,486	15.8	5,127
Less than 500 Students	37	9,249	13.5	5,945
<b>Statewide Total</b>	112	244,623	18.3	\$4,493

Source: 1999 Idaho Fiscal Facts, Legislative Services Office

\*SDOE Sources (Uses FY 1998 financial data as most current available.)

## Schedule 20 - Idaho's Rank in the Nation's Agriculture

Calendar Year 1998

Commodity	Rank Among States	Production	Unit	% of U.S.
<b>Crops:</b>				
Potatoes	1	139,650,000	cwt.	29 %
Austrian Winter Peas	1	98,000	cwt.	94 %
Wrinkled Seed Peas	2	248,000	cwt.	37 %
Lentils	2	644,000	cwt.	33 %
Dry Edible Peas	2	1,139,000	cwt.	19 %
Sugarbeets	2	5,501,000	ton	17 %
Barley	2	59,280,000	bu.	17 %
All Mint	3	2,201,000	lb.	17 %
Hops	3	4,529,400	lb.	8 %
Prunes and Plums (Fresh) <sup>1</sup>	3	4,500	ton	18 %
Onions (Summer Storage)	4	4,640,000	cwt.	13 %
Other Spring Wheat	5	39,270,000	bu.	7 %
Alfalfa Hay	6	4,859,000	ton	6 %
Sweet Cherries	6	2,200	ton	1 %
Sweet Corn for Processing	6	144,900	ton	4 %
Dry Edible Beans	6	2,112,000	cwt.	7 %
Winter Wheat	8	63,140,000	bu.	3 %
Apples	9	170,000,000	lb.	1 %
All Wheat	9	102,410,000	bu.	4 %
All Hay	10	5,549,000	ton	4 %
<b>Livestock and Livestock Products:</b>				
Foodsize Trout <sup>2</sup>	1	41,000,000	lb.	74 %
American Cheese	4	469,781,000	lb.	14 %
Milk Production	6	5,765	mil. lb.	4 %
Milk Cows <sup>4</sup>	8	292,000	head	3 %
All Sheep and Lambs <sup>3</sup>	9	265,000	head	4 %
Wool	9	2,093,000	lb.	4 %
Honey	10	6,000,000	lb.	3 %
All Cattle and Calves <sup>3</sup>	16	1,900,000	head	2 %

<sup>1</sup>Includes only Idaho, Washington, Michigan, and Oregon - Fresh basis.<sup>2</sup>Foodsize fish are defined as being 12 inches long or longer.<sup>3</sup>January 1, 1999, inventory.<sup>4</sup>Average number during year; excluding heifers not yet fresh.

Source: Idaho Agricultural Statistics Service

## Schedule 21 - Expenditure and Inmate Population Growth

Fiscal Years 1990-1999

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Expenditures	\$87,879,500	\$82,044,500	\$71,125,800	\$64,408,500	\$59,754,800	\$47,991,100	\$43,710,600	\$42,362,700	\$36,380,100	\$29,363,300
% Change	7.11%	15.35%	10.43%	7.79%	24.51%	9.79%	3.18%	16.44%	23.90%	26.66%
Inmate Population	4,018	4,007	3,681	3,268	2,903	2,491	2,427	2,241	2,040	1,822
% Change	0.97%	8.86%	12.64%	12.57%	16.54%	2.64%	8.30%	9.85%	11.96%	20.28%

Source: [1999 Idaho Fiscal Facts](#)

## Schedule 22 - Idaho's Gross Domestic Product

Calendar Years 1990 -1999 (dollars in billions)

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Current Dollars	\$8,948.6	\$8,511.0	\$8,110.9	\$7,661.6	\$7,269.6	\$6,947.0	\$6,558.1	\$6,244.5	\$5,916.7	\$5,743.8
% Change	5.1 %	4.9 %	5.9 %	5.4 %	4.6 %	5.9 %	5.0 %	5.5 %	3.0 %	5.6 %
1992 Chain-Weighted	\$7,841.3	\$7,551.9	\$7,269.8	\$6,994.8	\$6,761.7	\$6,610.7	\$6,389.5	\$6,244.4	\$6,079.4	\$6,136.3
% Change	3.8 %	3.9 %	3.9 %	3.4 %	2.3 %	3.5 %	2.3 %	2.7 %	(0.9)%	1.2 %

Note: 1999 numbers are estimates.

Source: Division of Financial Management, Economic Analysis Bureau, Vol. XXI, No. 4, October, 1999

### Schedule 23 - Idaho's 1996\* Tax Ranking Among the 50 States and D.C.

Lower ranking equals higher taxes, with 1 being the highest and 51 being the lowest.

Type of Tax	States w/Tax	Income Basis for Ranking						Per Capita Basis for Ranking					
		FY 96	FY 95	FY 94	FY 93	FY 92	FY 91	FY 96	FY 95	FY 94	FY 93	FY 92	FY 91
Property	51	34	35	37	37	37	35	35	37	38	38	39	37
Sales	47	25	25	22	27	24	28	36	36	34	34	35	36
Individual Income	44	15	16	15	16	15	13	27	27	24	26	25	24
Corporate Income	47	10	15	21	25	24	26	15	18	24	28	24	28
Motor Vehicle	51	9	9	6	6	7	9	13	16	9	12	13	11
Overall	51	24	23	25	33	29	28	40	40	38	39	40	42
Per Capita Income Ranking		41	42	40	40	40	45						

\*1996 Most Current Year Available

Source: Idaho Tax Commission

### Schedule 24 - Revenue from the Lottery

Fiscal Years 1990-1999

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
<b>Type of Ticket</b> (millions)										
Scratch	\$56.3	\$58.8	\$61.2	\$63.7	\$57.4	\$42.2	\$31.3	\$32.8	\$36.6	\$58.6
On-Line	\$32.3	\$29.2	\$23.8	\$25.4	\$28.9	\$28.5	\$24.3	\$17.4	\$14.6	\$7.4
Break Open	\$1.5	\$1.6	\$2.0	\$2.0	\$1.7	\$1.4	\$1.2	\$1.5	-	-
<b>Other Income</b> (thousands)	\$601	\$544	\$662	\$501	\$474	\$395	\$349	\$326	\$321	\$281
<b>Gross Revenue</b> (millions)	\$91.1	\$90.1	\$87.6	\$91.6	\$88.4	\$72.5	\$57.1	\$51.9	\$51.4	\$66.2
Prizes	\$52.3	\$52.4	\$53.3	\$55.2	\$52.9	\$41.3	\$31.4	\$28.1	\$25.8	\$32.1
Administration	\$17.3	\$17.1	\$15.9	\$16.6	\$16.9	\$15.6	\$13.2	\$11.2	\$10.6	\$10.8
Proceeds	\$21.4	\$20.6	\$18.4	\$19.8	\$18.6	\$15.6	\$12.5	\$12.6	\$15.0	\$23.3

Source: Idaho State Lottery

*State of Idaho***Schedule 25 - Assets, Liabilities, and Fund Balances****General Fund Accounts****June 30, 1999**

	State General Account	Permanent Building Fund	Warrant Deficiency Fund	Legislative	Budget Reserve	Constitutional Defense Fund
<b>Assets</b>						
Cash Equity with Treasurer	\$63,993,847	\$66,669,154	(\$210,777)	\$2,731,712	\$36,030,195	\$809,453
Cash and Cash Equivalents	85,370					
Investments	40,976,002					
Accounts Receivable, Net	93,984,978	884,387	9,541			
Due from Other Funds		488,877				
Due from Other Entities						
Notes/Mortgages Receivable, Net						
Other Assets	169,213					
<b>Total Assets</b>	<b>\$199,209,410</b>	<b>\$68,042,418</b>	<b>(\$201,236)</b>	<b>\$2,731,712</b>	<b>\$36,030,195</b>	<b>\$809,453</b>
<b>Liabilities and Fund Balance</b>						
<b>Liabilities</b>						
Accounts Payable and Other Liabilities	\$10,171,402	\$2,536,845	\$187,799	\$35,032		
Payroll and Compensated Absences Payable	51,376,886	60,799	77,117	113,364		
Deposits	624,862					
Due to Other Funds	676,974	29,106	200	8,391		
Due to Other Entities						
Deferred Revenue	89,852	7,092,162				
<b>Total Liabilities</b>	<b>62,939,976</b>	<b>9,718,912</b>	<b>265,116</b>	<b>156,787</b>		
<b>Fund Balances</b>						
Reserved	8,144,452	39,878				
Unreserved	128,124,982	58,283,628	(466,352)	2,574,925	\$36,030,195	\$809,453
<b>Total Fund Balances</b>	<b>136,269,434</b>	<b>58,323,506</b>	<b>(466,352)</b>	<b>2,574,925</b>	<b>36,030,195</b>	<b>809,453</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$199,209,410</b>	<b>\$68,042,418</b>	<b>(\$201,236)</b>	<b>\$2,731,712</b>	<b>\$36,030,195</b>	<b>\$809,453</b>

l	Catastrophic Health Care	Governor's Residence	Endowment Earnings	Sales Tax	Income Tax Refunds	Miscellaneous	Total
	\$4,502,121	\$1,148,672	\$15,470,207	\$23,869,951	\$1,635,143	\$4,363,156	\$221,012,834
							85,370
			16,145,766			1,023,143	58,144,911
			1,011,189	10,763,546	12,948,193		119,601,834
						2,230	491,107
						464,574	464,574
			75,393				75,393
			7,489,846				7,659,059
	\$4,502,121	\$1,148,672	\$40,192,401	\$34,633,497	\$14,583,336	\$5,853,103	\$407,535,082
	\$120,840		\$165,072	\$61,524	\$5,275,901	\$2,338,492	\$20,892,907
			23,236			262,470	51,913,872
			248,412				873,274
			12,357			19,247	746,275
			16,574,274				16,574,274
			1,897,506				9,079,520
	120,840		18,920,857	61,524	5,275,901	2,620,209	100,080,122
			22,908,840			142,361	31,235,531
	4,381,281	\$1,148,672	(1,637,296)	34,571,973	9,307,435	3,090,533	276,219,429
	4,381,281	1,148,672	21,271,544	34,571,973	9,307,435	3,232,894	307,454,960
	\$4,502,121	\$1,148,672	\$40,192,401	\$34,633,497	\$14,583,336	\$5,853,103	\$407,535,082

*State of Idaho*

**Schedule 26 - Revenues, Expenditures, and Changes in Fund Balances**  
**General Fund Accounts**  
**For the Fiscal Year Ended June 30, 1999**

	State General Account	Permanent Building Fund	Warrant Deficiency Fund	Legislative	Budget Reserve	Constitutional Defense Fund
<b>Revenues</b>						
Sales Tax	\$584,282,598	\$500,000				
Individual and Corporate Taxes	875,153,490	5,377,547				
Other Taxes	14,991,337	7,914,759				
Licenses, Permits, and Fees	6,590,602		\$89,679			
Sale of Services, Goods, and Property	305,484	880,794	105,981	\$39,927		
Grants and Contributions						
Interest and Other Investment Income	32,170,299	1,982,986				
Rent and Lease Income	164,255	112,999				
Miscellaneous Income	413,990	12,737,003	862,224			
<b>Total Revenues</b>	<b>1,514,072,055</b>	<b>29,506,088</b>	<b>1,057,884</b>	<b>39,927</b>		
<b>Expenditures</b>						
Current						
General Government	52,955,986			4,324,002		
Public Safety and Correction	137,760,819					
Agriculture and Economic Development	14,932,651		94,394			
Natural Resources	26,071,215		2,205,414			
Health	8,272,700					
Public Education	252,212,773					
Human Services	595,239					
Transportation	1,967,765	6,109,880				
Capital Outlay	19,710,362	35,455,508		132,934		
Intergovernmental	37,252,520					
<b>Total Expenditures</b>	<b>551,732,030</b>	<b>41,565,388</b>	<b>2,299,808</b>	<b>4,456,936</b>		
<b>Revenues Over (Under) Expenditures</b>	<b>962,340,025</b>	<b>(12,059,300)</b>	<b>(1,241,924)</b>	<b>(4,417,009)</b>		
<b>Other Financing Sources (Uses)</b>						
Operating Transfers In	116,270,639	13,443,242	951,142	4,350,000		
Operating Transfers Out	(1,068,027,542)					
Capital Leases Incurred	18,949					
<b>Total Other Financing Sources (Uses)</b>	<b>(951,737,954)</b>	<b>13,443,242</b>	<b>951,142</b>	<b>4,350,000</b>		
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>10,602,071</b>	<b>1,383,942</b>	<b>(290,782)</b>	<b>(67,009)</b>		
<b>Fund Balances - Beginning of Year</b>	<b>125,667,363</b>	<b>56,939,564</b>	<b>(175,570)</b>	<b>2,641,934</b>	<b>36,030,195</b>	<b>809,453</b>
<b>Fund Balances - End of Year</b>	<b>\$136,269,434</b>	<b>\$58,323,506</b>	<b>(\$466,352)</b>	<b>\$2,574,925</b>	<b>\$36,030,195</b>	<b>\$809,453</b>

Catastrophic Health Care	Governor's Residence	Endowment Earnings	Sales Tax	Income Tax Refunds	Miscellaneous	Total
			\$117,475,500	\$2,777,144	\$2,478,417	\$707,513,659
				226,786,307	1,809,071	1,109,126,415
		\$4,719,734		8,969,915		36,595,745
		1,109,282			1,641,999	9,431,562
\$1,367,166		394,875			3,241,151	6,335,378
		12,183			5,211,906	5,224,089
633,991	\$62,667	50,847,774			54,680	85,752,397
	1,200	6,143,518			71,994	6,493,966
		2,535,594			1,986,581	18,535,392
2,001,157	63,867	65,762,960	117,475,500	238,533,366	16,495,799	1,985,008,603
	42,523	3,276,314	105,590,464	166,447,932	3,885,996	336,523,217
		1,958,869			235,658	139,955,346
11,329,584					524,608	26,881,237
					561,397	28,838,026
		2,930,185				11,202,885
		855,062,805			10,598,108	1,117,873,686
						595,239
		18,923				8,096,568
		576,255			343,105	56,218,164
					6,143,632	43,396,152
11,329,584	42,523	863,823,351	105,590,464	166,447,932	22,292,504	1,769,580,520
(9,328,427)	21,344	(798,060,391)	11,885,036	72,085,434	(5,796,705)	215,428,083
10,135,700		797,560,000			10,204,852	952,915,575
				(56,757,869)	(5,195,833)	(1,129,981,244)
						18,949
10,135,700		797,560,000		(56,757,869)	5,009,019	(177,046,720)
807,273	21,344	(500,391)	11,885,036	15,327,565	(787,686)	38,381,363
3,574,008	1,127,328	21,771,935	22,686,937	(6,020,130)	4,020,580	269,073,597
\$4,381,281	\$1,148,672	\$21,271,544	\$34,571,973	\$9,307,435	\$3,232,894	\$307,454,960

## Schedule 27 - Miscellaneous Statistics

State Capitol: Boise

Admitted to the Union: July 3, 1890

Nickname: The "Gem State"

Motto: "Esto Perpetua" (Let It Be Perpetual)

1998 Population Estimate: 1,228,684

Highest Elevation Point:

Mt. Borah; 12,662 Feet Above Sea Level

Lowest Elevation Point:

Snake River, Lewiston; 770 feet Above Sea Level

Number of Lakes: More Than 2,000

State Song: "Here We Have Idaho"

State Insect: Monarch Butterfly

State Fish: Cutthroat Trout

State Bird: Mountain Bluebird

State Horse: Appaloosa

State Tree: Western White Pine

State Gem Stone: Idaho Star Garnet

State Flower: Syringa

Source: Idaho Blue Book, 1997-1998

Idaho Department of Commerce (Population Estimate)

### LAND AREA AND USE (in square miles)

Total Area:	84,437
Land Area:	83,557
Water Area:	880
<b>Federal Land:</b>	52,699
<b>Total Non-Federal Land:</b>	30,858
<b>Total Rural Land:</b>	78,768
Agricultural Land:	12,170
Range Land:	34,353
Forest Land:	32,245

\*Land Area and Use amounts were converted from square acres to square miles at 640 acres to the mile.

Source: Idaho Blue Book, 1999 - 2000

### COMMUNITIES IN IDAHO WITH POPULATIONS OVER 10,000

Boise	157,452
Pocatello	53,074
Idaho Falls	48,122
Nampa	41,951
Twin Falls	33,296
Coeur d'Alene	32,565
Lewiston	30,363
Meridian	25,377
Caldwell	22,340
Moscow	19,312
Post Falls	15,732
Rexburg	14,303
Blackfoot	10,453
Mountain Home	10,202

Source: U.S. Census Bureau, July 1, 1998, estimate

### The Following Statistics are from Calendar Year 1998

Number of:

Licensed Hospitals:	48
Optometrists:	173
Chiropractic Physicians:	303
Physicians:	2,063
Dentists:	800
Public Schools	
Elementary:	355
Secondary:	259
*Non-Public Schools	
Elementary:	56
Secondary:	26
Colleges and Universities:	10
Public Libraries:	145

Source: Idaho Department of Commerce, State Library



## STATE OF IDAHO WEBSITES & PHONE NUMBERS

OFFICE	WEB ADDRESS	PHONE NUMBER
Administration, Department of	<a href="http://www.state.id.us/adm/">http://www.state.id.us/adm/</a>	332-1824
Aging, Commission on	<a href="http://www2.state.id.us/icoa/">http://www2.state.id.us/icoa/</a>	334-3833
Agriculture, Department of	<a href="http://www.agri.state.id.us/">http://www.agri.state.id.us/</a>	332-8500
Arts Commission	<a href="http://www.state.id.us/arts/index.htm">http://www.state.id.us/arts/index.htm</a>	334-2119
Attorney General, Office of	<a href="http://www2.state.id.us/ag/">http://www2.state.id.us/ag/</a>	334-2400
Commerce, Department of	<a href="http://www.idoc.state.id.us/">http://www.idoc.state.id.us/</a>	334-2470
Consumer Protection Unit ( 1-800-432-3545)	<a href="http://www2.state.id.us/ag/consumer/consumer.htm">http://www2.state.id.us/ag/consumer/consumer.htm</a>	334-2424
Correction, Department of	<a href="http://www.corr.state.id.us/">http://www.corr.state.id.us/</a>	658-2000
Developmental Disabilities Council (1-800-544-2433)	<a href="http://www.state.id.us/icdd/index.htm">http://www.state.id.us/icdd/index.htm</a>	334-2178
Education, Board of	<a href="http://www.sde.state.id.us/osbe/board.htm">http://www.sde.state.id.us/osbe/board.htm</a>	334-2270
Education, Department of	<a href="http://www.sde.state.id.us/Dept/">http://www.sde.state.id.us/Dept/</a>	332-6800
Engineers and Land Surveyors, Board of Professional	<a href="http://www.state.id.us/ipels/index.htm">http://www.state.id.us/ipels/index.htm</a>	334-3860
Finance, Department of (1-800-346-3378)	<a href="http://www.state.id.us/finance/dof.htm">http://www.state.id.us/finance/dof.htm</a>	332-8000
Financial Management, Division of	<a href="http://www.state.id.us/dfm/dfm.htm">http://www.state.id.us/dfm/dfm.htm</a>	334-3900
Fish and Game, Department of	<a href="http://www.state.id.us/fishgame/fishgame.html">http://www.state.id.us/fishgame/fishgame.html</a>	334-3700
Governor, Office of	<a href="http://www2.state.id.us/gov/govhmpg.htm">http://www2.state.id.us/gov/govhmpg.htm</a>	334-2100
Health and Welfare, Department of	<a href="http://www.state.id.us/dhw/hwgd_www/home.html">http://www.state.id.us/dhw/hwgd_www/home.html</a>	334-5500
Health Districts Conference Office	<a href="http://www.state.id.us/phd/hdcopage.htm">http://www.state.id.us/phd/hdcopage.htm</a>	334-3566
Hispanic Affairs, Commission on	<a href="http://www2.state.id.us/icha/">http://www2.state.id.us/icha/</a>	334-3776
Historical Society, Idaho State	<a href="http://www.state.id.us/ishs/index.htm">http://www.state.id.us/ishs/index.htm</a>	334-2682
Human Resources, Division of	<a href="http://www.ipc.state.id.us/">http://www.ipc.state.id.us/</a>	334-2263
Human Rights Commission	<a href="http://www2.state.id.us/ihr/ihrhome.htm">http://www2.state.id.us/ihr/ihrhome.htm</a>	334-2873
Humanities Council	<a href="http://www2.state.id.us/ihc/">http://www2.state.id.us/ihc/</a>	334-3844
Independent Living Council	<a href="http://wwwnt.state.id.us/silc/">http://wwwnt.state.id.us/silc/</a>	334-3800
Industrial Commission	<a href="http://www.state.id.us/iic/index.htm">http://www.state.id.us/iic/index.htm</a>	334-6000
INEEL Oversight Program	<a href="http://www2.state.id.us/deqinel/main_op.htm">http://www2.state.id.us/deqinel/main_op.htm</a>	373-0498
Information Technology Resource Mgmt. Council	<a href="http://wwwnt.state.id.us/itrmc/">http://wwwnt.state.id.us/itrmc/</a>	332-1876
Insurance Fund, State	<a href="http://www.state.id.us/isif/index.htm">http://www.state.id.us/isif/index.htm</a>	334-2370
Insurance, Department of	<a href="http://www.doi.state.id.us/">http://www.doi.state.id.us/</a>	334-4250
Judicial Branch/Supreme Court	<a href="http://www.state.id.us/judicial/judicial.html">http://www.state.id.us/judicial/judicial.html</a>	334-2246
Juvenile Corrections, Department of	<a href="http://www.djc.state.id.us/">http://www.djc.state.id.us/</a>	334-5100
Labor, Department of	<a href="http://www.doe.state.id.us/">http://www.doe.state.id.us/</a>	334-6252
Lands, Department of	<a href="http://wwwnt.state.id.us/lands/">http://wwwnt.state.id.us/lands/</a>	334-0200
Law Enforcement, Department of	<a href="http://www2.state.id.us/dle/dle.htm">http://www2.state.id.us/dle/dle.htm</a>	884-7000
Legislative Branch	<a href="http://www.state.id.us/legislat/legislat.html">http://www.state.id.us/legislat/legislat.html</a>	1-800-626-0471
Legislative Districts	<a href="http://www.state.id.us/legislat/csgnews/">http://www.state.id.us/legislat/csgnews/</a>	
Library, Idaho State	<a href="http://www.state.id.us/isl/hp.htm">http://www.state.id.us/isl/hp.htm</a>	334-2150
Lieutenant Governor, Office of	<a href="http://www2.state.id.us/gov/lgo/ltgov.htm">http://www2.state.id.us/gov/lgo/ltgov.htm</a>	334-2200
Lottery Commission	<a href="http://www.idaholottery.com/">http://www.idaholottery.com/</a>	334-2600
Military, Division of	<a href="http://www2.state.id.us/mil/cover.htm">http://www2.state.id.us/mil/cover.htm</a>	422-4272
Nursing, Board of	<a href="http://www.state.id.us/ibn/ibnhome.htm">http://www.state.id.us/ibn/ibnhome.htm</a>	334-3110
Outfitters and Guides Licensing Board	<a href="http://www.state.id.us/oglb/oglbhome.htm">http://www.state.id.us/oglb/oglbhome.htm</a>	327-7380
Parks and Recreation, Department of	<a href="http://www.idahoparks.org/">http://www.idahoparks.org/</a>	334-4199
Public Employees Retirement System	<a href="http://www.persi.state.id.us/">http://www.persi.state.id.us/</a>	334-3365
Public Television, Idaho	<a href="http://www.idptv.state.id.us/">http://www.idptv.state.id.us/</a>	373-7220
Public Utilities Commission	<a href="http://www.puc.state.id.us/">http://www.puc.state.id.us/</a>	334-0300
Purchasing, Division of	<a href="http://www.state.id.us/adm/purchasing/default.htm">http://www.state.id.us/adm/purchasing/default.htm</a>	327-7465
Rural Development Council	<a href="http://www.rurdev.usda.gov/nrdp/id.html">http://www.rurdev.usda.gov/nrdp/id.html</a>	334-6113
State of Idaho	<a href="http://www.state.id.us">http://www.state.id.us</a>	334-2411
Tax Commission-Forms	<a href="http://www.state.id.us/tax/forms.htm">http://www.state.id.us/tax/forms.htm</a>	334-7660
Transportation, Idaho Department	<a href="http://www.state.id.us/itd/itdhmpg.htm">http://www.state.id.us/itd/itdhmpg.htm</a>	334-8000
Unclaimed Property	<a href="http://www2.state.id.us/tax/unclaimed.htm">http://www2.state.id.us/tax/unclaimed.htm</a>	334-7627
Vocational Rehabilitation, Division of	<a href="http://www2.state.id.us/idvr/idvrhome.htm">http://www2.state.id.us/idvr/idvrhome.htm</a>	334-3390
Water Resources, Department of	<a href="http://www.idwr.state.id.us">http://www.idwr.state.id.us</a>	327-7900
Women's Commission	<a href="http://www2.state.id.us/women/">http://www2.state.id.us/women/</a>	334-4673

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